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# ***Daily Report***

# **East Europe**

FBIS-EEU-93-096  
Thursday  
20 May 1993

# Daily Report

## East Europe

FBIS-EEU-93-096

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20 May 1993

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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### **Hungary's Antall Addresses IPU Symposium**

*LD1905161593 Budapest MTI in English 1243 GMT  
19 May 93*

[Text] Budapest, May 19 (MTI)—The enforcement of minority rights, as part of general human rights, is vital for the stability of not only East-Central Europe but also of the whole world, Hungarian Prime Minister Jozsef Antall said in a lecture at the Human Rights Symposium of the Inter-Parliamentary Union (IPU) in Budapest on Wednesday.

Antall welcomed conference participants on behalf of the Hungarian Government.

Regarding Hungary's foreign policy endeavours, Antall mentioned first participation in safeguarding peace. He noted that after the collapse of totalitarian political systems, new dangers are emerging for Europe, mainly in the region from where two world wars started so far.

Due to its geopolitical situation, Hungary necessarily aims to maintain the European peace system. The country is proceeding towards European integration, seeking full EC membership after associated partnership.

Hungary consistently supports the U.S. presence in Europe, and regards NATO as a guarantee for international peace and European security.

Antall said it was a global interest for the present situation after the collapse of the bipolar system, characterized by decisive weight and responsibility of the United States, to be followed by a multipolar system of equilibrium and security. He mentioned Ukraine, which he described as a region's most populous and strongest power, as a possible European element in this system.

Hungary was quick to realize the possible consequences of tension within former Yugoslavia, the prime minister continued.

"We did everything possible for these conflicts to be resolved in a peaceful way, and then for the increasingly tense situation to be handled by the world according to its importance.

"We regret to note that neither the diplomats nor the governments were prepared to give an adequate response to the South Slav crisis. Nobody expected that the minority rights grievances would lead to a crisis in this half of Europe, which would already arouses the attention of the whole world," Antall said.

He pointed out that the foreign policy pursued by the Hungarian Government had the support of all six parliamentary parties.

Concerning economic policy, Antall stressed the pioneering role Hungary had played in switching from a centrally-planned system to a free-market economy.

Following the lecture - in the conference interval - Antall met leading personalities of the IPU symposium.

### **Sanctions Effects on Neighboring Countries**

*93BA1006A Belgrade POLITIKA in Serbo-Croatian  
5 May 93 p 4*

[Article by Dusan Tesic: "Some Decide, Others Pay"]

[Text] "It is easy for some people to make brave decisions when others are paying for them," said Bulgarian Prime Minister Lyuben Berov, in anger or desperation, when his ministers reported to him that the country will lose \$2.5 billion because of the sanctions against Yugoslavia. Industry Minister Rumen Bikov informed his prime minister that the economy will not withstand the new sanctions against Serbia and Montenegro, and Transportation Minister Neycho Neyev declared that Bulgarian losses will run into the hundreds of millions of dollars because of the total blockade of transportation.

Nevertheless, this did not hinder the government of that country, as soon as the Security Council adopted Resolution 820, from scheduling an extraordinary meeting in which the airtight sealing of Yugoslavia was accepted, and the National Assembly confirmed the government's position in closed session. The government was told in the meeting that Bulgaria's losses, from last May to the present, exceed \$1.8 billion.

### **Bulgaria Is Suffering Just Like Yugoslavia**

The only railroad linking Bulgaria to West Europe, which runs through Serbia, stands empty. The trains have stopped, and hundreds of heavy trucks wait for hours in the port of Vidin for the ferry to cross the Danube, and from there they reach Czechoslovakia, Poland, or some other European country by secondary roads through Romania and Ukraine. The wait here lasts four days or more, and often the goods are perishable.

There are cases when Bulgarian trucks, because the roads are bad and impassable, turn back from this route, and Bulgaria has taken the initiative in requesting from Greece that it open a transit corridor to the Aegean Sea as an alternative route for Bulgarian goods destined for West Europe. Bulgarian President Zhelyu Zhelev, agencies report, has expressed the hope that Greece will show an understanding for this proposal, complaining that the sanctions will affect Bulgaria just as much as Yugoslavia.

Greece is showing understanding of this problem, but it is affected by the sanctions just as much as its northern neighbor. It is seeing its trucks detoured through Bulgaria and Hungary, where transportation costs will increase by one-fifth. If the ferry is used for the crossing to Italy, and then they continue their way to West Europe, the costs would increase many times over.

More than 40 percent of exports from northern Greece to the European Community—Greece's largest trading partner—moved by truck across Macedonia and Serbia. The Greek Government has warned that the sanctions will also affect its imports of industrial raw materials, because about 600 trucks a week arrived in the regional

center of Salonika via Serbia. Last year alone, more than 20,000 Greek trucks used transit routes through Serbia.

Austria is the country that was most gladdened by the sanctions against Yugoslavia. Belligerent statements in Vienna have now been replaced by sharp observations about the great harm which this country will suffer. The steel mill in Linz, which was supplied with raw materials along the Danube, is in a particularly difficult situation, and connections with the Black Sea via the Danube are greatly hampered. The Austrian Danube Company alone lost more than \$4 million last year.

Austrian authorities are not telling their public the amount of the losses the country is suffering because of the sanctions.

Thanks to the canal connection to the Rhine and Main, the Danube has become navigable over a length of 3,500 km. It links the Black Sea to the port of Rotterdam. Its course is used by ships of some 40 countries. In the late eighties, that is, before the canal was opened, 90 million tons of cargo were carried along it annually. Now that capacity has been doubled.

There is little benefit from that capability. A permit from the UN Commission for the Sanctions is required to navigate the Danube, so that shipping on this largest of Europe's rivers is now more difficult and expensive. The Security Council has stationed along the Danube a large number of inspectors equipped with fast launches, and they have permits to search any vessel. Previously, a river for international trade cooperation, the Danube has become a river under police surveillance.

#### **Fear of Social Unrest in Romania**

Like all the other neighbors, Hungary is calling upon the Security Council to rescue it from excessively great losses and in this connection has requested a permit to postpone application of the sanctions for some 10 days. A considerable number of its vessels use the Danube, and up to now no special permit has been required.

The Hungarian Foreign Ministry has announced that the largest losses come from lost export opportunities and the dizzying drop in revenues from fees for transit

services. There are still no detailed figures, but it has been said that \$75 million have been lost on the railroads alone, because 10 percent of rail traffic crosses Yugoslav territory.

Nevertheless, Romania has fared the worst. In Bucharest, they have officially announced that during the first six months the embargo was enforced the economy suffered losses of about \$7 billion. Experts estimate that still larger losses are expected when the sanctions are tightened.

Romania started this business year with a budget deficit of \$1.5 billion and a foreign trade deficit of \$2 billion. Unemployment has exceeded the danger line of 10 percent. In official circles, they are saying that another 20,000 people could lose their jobs when the sanctions against Belgrade are tightened.

Inflation has already reached 200 percent, and a price explosion is expected this month: It is assumed that they might increase by 500 percent. In Bucharest, they fear social unrest on a broad scale.

Macedonia is also suffering a fatal blow from the sanctions: The losses since the beginning of the year are estimated at \$1.4 billion. REUTERS carried a statement from Economy Minister Stefanov to the effect that the sanctions are jeopardizing survival of the Macedonian economy.

In Macedonia, more than half of the industrial plants are shut down, and those that remain are not utilizing even 30 percent of capacity. Before disintegration of the SFRY, Macedonia was exporting 80 percent of its output to its other republics. All the goods traveled across Serbia. Rerouting transportation will cost this country an additional \$200 million.

These costs could seal the destiny of the economy. At the moment, there are 170,000 Macedonians unemployed, which represents 30 percent of the country's able-bodied population. Another 40,000 to 50,000 workers will lose their jobs because of the sanctions. No one in Europe, nor in the United States, nor in the United Nations is paying attention to the fact that the entire region of southern Europe is stumbling because of the unjust sanctions toward Yugoslavia.

### **Prime Minister Meksi Reviews Visit to Greece**

*AU1905174993 Tirana Radio Tirana Network  
in Albanian 1330 GMT 19 May 93*

[Text] Prime Minister Aleksander Meksi returned home yesterday after an official visit to the Republic of Greece.

Asked by ATA about the results of this visit, Meksi said that the Albanian delegation had a series of general goals concerning political and economic bilateral relations, signing a series of agreements, preparations to sign another series in the future, the problem of Greek investment in Albania, the Greek credit that has been studied for a long time, and the well-known problem of Albanians working in Greece.

The visit was successful in many respects. We tried to make clear to the Greek side the position maintained by the Albanian Government concerning bilateral relations and our desire to achieve progress with them so as to move more quickly to solve the problems we face. We also made clear our concern and position regarding the crisis in the former Yugoslavia, including the problems with Kosovo, Macedonia, and the Albanians living there. We also discussed the problem of arranging for Albanians to live and work there in the near future.

I think that an Albanian-Greek commission will soon be set up by the respective Labor Ministries to define the procedures. Our request is to arrange the stay of Albanians who are in Greece, as well as provide us with a number of visas for Albanians who need seasonal employment. This commission will convene as soon as possible to determine all the regulations that should be considered for the seasonal employment of Albanians in Greece.

The Greek side asked us to reduce the number of illegal border crossings by reinforcing the border defense on the Albanian side. Perhaps this will be useful for both sides.

Meksi concluded by saying: I generally believe that the meetings held there, the agreements we signed, the respective explanations for the signing of those agreements in the shortest amount of time, were useful and mark a step forward in Albanian-Greek relations.

### **Serreqi Leaves for Official Trip to Brussels**

*AU1905081693 Tirana ATA in English 1010 GMT  
18 May 93*

[Text] Tirana, May 18 (ATA)—On May 17, Alfred Serreqi, Albanian minister for foreign affairs, left on an official visit for Brussels invited by Willy Claes, Belgian foreign minister.

In the bilateral negotiations he is going to discuss the relations between the two countries and their development in the future. His counterparts are expected to sign a joint political statement in regard to the bilateral relations and the cooperation between the two countries in the international organisations and bodies.

During the stay in Brussels, the Albanian delegation will meet with Manfred Woerner at the Council of Europe and senior officials of these two international organizations. In these meetings they are going to discuss the regional crisis and its solution.

### **Zhulali, Military Delegation Return From Austria**

*AU1905085693 Tirana ATA in English 1007 GMT  
18 Apr 93*

[Text] Tirana, May 18 (ATA)—The Albanian high level military delegation led by Safet Zhulali, minister of defence, paid an official visit to Austria invited by the Austrian federal minister of defence, Dr. Werner Fasslabend.

During the visit the Albanian delegation held negotiations with the Austrian counterpart Dr. Fasslabend and other senior officials of the Austrian Ministry of Defence. The bilateral negotiations concentrated mainly on the problems of cooperation and its development between Albania and Austria in the field of defence and other issues of common interest. They agreed to sign an agreement in this area between our two countries.

The two sides agreed on the problems of the conflict in former Yugoslavia and the forms of settling them. Mr. Zhulali reiterated Albania's attitude to the Kosova issue and underlined that only the solution of the problems of the Albanians living in their territories in former Yugoslavia may be a stable solution which would contribute to the stability and peace in the Balkans and broader. He also warned of the risk of stretching the conflict to the south, which would be menace not only the Balkans but Europe, too.

### **Assembly Adopts Military Agreement With Hungary**

*AU1905172293 Tirana ATA in English 0807 GMT  
19 May 93*

[Text] Tirana, May 19 (ATA)—The People's Assembly adopted some draft laws on May 18. In the morning session the deputies examined and adopted two draft laws, that for the creation of the order of doctors and the agreement for bilateral military relations between the Ministry of Defence of the Republic of Albania and the Ministry of Defence of the Republic of Hungary.

In the afternoon, the People's Assembly examined the draft law on social protection, one of the important draft laws which creates for the first time the social state in the conditions of the market economy. The presented draft law protects the families and individuals who feel more the consequences of the transition to the market economy.

Actually Albania is in a period where a considerable number of people will not be paid according to the assistance system, there are other categories of people without financial means to provide for the families. In

these conditions, the draft law is focused on the families which are completely without incomes or have insufficient incomes.

Representatives of parliamentary groups, Th. Bej of the Socialist Party, L. Skuqi of the Democratic Party, R. Pulaha of the Social Democratic Party pointed out the indispensability of this law in the conditions Albania is passing. The law was adopted.

#### **'Jamming' of Programs in Kosovo Protested**

*AU1905174293 Tirana Radio Tirana Network  
in Albanian 1330 GMT 19 May 93*

[Text] Reports from Pristina state that recently Belgrade and the Serbian institutions in Kosovo interrupted transmission of Albanian Radio-Television [RTSh] programs in Kosovo. The second station of Belgrade television is now using jamming signals against the channel broadcasting RTSh programs.

Serbia's interruption of the RTSH programs in Kosovo follows the violent closure of Pristina Radio and Television and the dismissal of more than 1,500 Albanian journalists. This step follows the suspension of the RILINDJA newspaper in Pristina, the only Albanian-language daily informing Albanians in all areas of the former Yugoslav republics. The Serbian authorities blocked the independent activities of the Rilindja Publishing Company in Pristina.

The suspension of the transmission of RTSh programs for Kosovo constitutes another anti-Albanian act by the

Serbian chauvinists, who are making every attempt to censure and block completely all mass media in Kosovo. Through this act and others of this kind, Serbia aims to isolate Kosovo from democratic international opinion and prevent the world from knowing about the violence, terror, and systematic anti-Albanian genocide conducted against our people in Kosovo.

By blocking the RTSh transmissions in Kosovo, the Serbia of Milosevic, Cosic, et al, wants to hinder what democratic Albania has defended and will defend by force—the legitimate rights of our brothers who live in their ancient territories. Being an informative and completely democratic institution, the RTSh has resolutely denounced and condemned Serbia's adventurous policy and its aggressive effort to create a Greater Serbia.

The inhumane act of blocking the RTSh programs for Kosovo is done at a time when the aggressive Serbian machine is spilling bloodstreams through Bosnia and seeking a cause to escalate the conflict in the southern Balkan region.

Regarding the RTSh, it will be steadfastly loyal to its noble mission for the benefit of the national question for strengthening democracy in Albania. It will endeavor to be a tribune of all national Albanian opinion.

The RTSh energetically protests the jamming of its programs in parts of Kosovo and wants to remind its audience that this act runs counter to the right of information codified in the UN Charter and other international conventions on human rights.

### SDS Submits Confidence Vote Proposal

AU1905194293 Sofia Khorizont Radio Network  
in Bulgarian 1600 GMT 19 May 93

[Text] The four National Assembly factions had meetings today.

The Union of Democratic Forces [SDS] collected 75 signatures supporting the request for a confidence vote on the Lyuben Berov cabinet and submitted it to the National Assembly. Georgi Markov and Konstantin Adzharov are among those who signed the proposal.

The Movement for Rights and Freedoms [DPS] has not finalized its position on the confidence vote proposal, but Yunal Lyutfi stressed that the DPS opposes the proposal in principle. The budget must be adopted and the government must be given the opportunity to work, Lyutfi concluded.

The Bulgarian Socialist Party [BSP] adopted the priorities, for which it will demand inclusion on the Assembly agenda for this week. They include the second readings on three draft bills—amendments and addenda to the land law, the tax administration law, and the law on authors' rights.

The BSP deputies will demand a review of the drafts on changes in the leadership of the State Insurance Company and on the election of Supreme Court councillors. They will also insist on filling the membership of the National Assembly permanent committees with BSP deputies.

At a meeting of the New Alliance for Democracy faction and Dr. Konstantin Trenchev, president of the Podkrepa Labor Confederation, it was decided to form a liaison group to allow continuous cooperation between Podkrepa and the New Alliance for Democracy deputies.

### Zhelev Receives Interparliamentary Union Chairman

AU1905085493 Sofia BTA in English 1826 GMT  
18 May 93

[Excerpts] Sofia, May 18 (BTA)—Bulgarian Prime Minister Lyuben Berov and the president of the Interparliamentary Council Sir Michael Marshall, member of the British House of Commons, today discussed the situation in former Yugoslavia. Sir Michael is visiting this country at the invitation of the Bulgarian Interparliamentary Group. [passage omitted]

Later today Sir Michael Marshall was received by President Zhelyu Zhelev, the president's spokesman Valentin Stoyanov reported. Dr. Zhelev said that, despite its defects, the Vance-Owen peace plan offered a peaceful settlement of the conflict in Bosnia-Herzegovina. He expressed fear the war could spread to Kosovo and even to other Balkan states, unless a settlement is reached. Sir Michael expressed alarm over the indirect impact on Bulgaria of the embargo on former Yugoslavia.

The guest raised the issue of the recent incident with SDS floor leader Stefan Savov. Dr. Zhelev said he believed the incident could be clarified by a special parliamentary commission. According to the leader of the Bulgarian Interparliamentary Group Vasil Gotsev, who was present at the meeting, the president and Sir Michael discussed the case of ex-Prime Minister Andrey Lukanov. Sir Michael said the Interparliamentary Union had been briefed about Mr. Lukanov release from detention.

### Cooperation Agreement Signed With Moldova

AU1905081993 Sofia BTA in English 1512 GMT  
18 May 93

[Text] Sofia, May 18 (BTA)—Today the interior ministers of Bulgaria and Moldova—Mr. Viktor Mikhaylov and Mr. Constantin Antoci, signed an agreement for cooperation between the two ministries.

Mr. Antoci said that the agreement will help investigators in their joint work against organized crime, illegal emigration and trade in arms and in many other areas.

Mr. Mikhaylov said that this was a qualitatively new agreement because Moldova became an independent state two years ago.

The agreement includes a clause on the exchange of police personnel for training. According to Interior Minister Mikhaylov, 260 Moldovan policemen, as well as their chief, Commissar Stepan Kurtev, are of Bulgarian descent.

### Swiss Loan Raises National Bank Reserves

AU1905111393 Sofia BTA in English 0818 GMT  
19 May 93

[Text] Sofia, May 19 (BTA)—Bulgaria received a 32 million dollar loan from Switzerland to supplement its foreign exchange reserves, the private 24 CHASA daily reports, citing an announcement of the central Bulgarian National Bank (BNB).

The loan is granted at a floating interest rate of about 2 percent, which changes quarterly. It is intended to support the balance of payments and can practically be used to meet any need of the country, the paper writes.

The foreign exchange in hand at the BNB thus grows to 900 million dollars.

24 CHASA notes this is the first loan from a G-24 country after the 1990 moratorium on payments on Bulgaria's foreign debt. Last year Bulgaria resumed interest payments on the debt.

**Klaus Stresses Upcoming Talks With EC Leaders***LD1905191693 Prague Stanice Praha Radio Network in Czech 1630 GMT 19 May 93*

[Text] Spanish Prime Minister Felipe Gonzalez will receive the important Charlemagne Prize in Aachen tomorrow. The ceremony will be attended on the behalf of the Czech Republic by President Vaclav Havel and by Prime Minister Vaclav Klaus, who was asked to the microphone by Katerina Kasparova shortly before his departure.

[Begin recording] [Kasparova] Prime Minister, is this only some kind of courtesy visit or will you also hold important bilateral talks during this event?

[Klaus] Of course, we are very much troubled by the EC, so it is important to sit at the same dinner table with Mr. Delors. There are many things to be discussed with Germany. I will talk with all the German politicians present. Immediately upon arrival I will talk with the current Social Democratic Party Acting Chairman Mr. Rau, and certainly also with a number of prime ministers. There are also things to talk about with Austria. I will have a chance to speak with Mr. Vranitzky for the first time since last December, and that will be very, very important after all the Temelin [nuclear plant] episodes. I could go on and name other European countries and other European heads of state. So it is not only a courtesy visit. There is no time for that.

[Kasparova] Do you want to make a point to the world by taking this trip together with President Havel?

[Klaus] The world is speculating and the press is also speculating. So, I must nod, yes, it is not quite by chance that we have opted for this joint trip. [end recording]

**Anonymous Letters Threatened Havel Assassination***AU1905133693 Prague CTK in English 1223 GMT 17 May 93*

[Text] Usti nad Labem, North Bohemia, May 16 (CTK)—Tight security measures accompanied Czech President Vaclav Havel's participation in the commemoration of Nazism victims in Terezin on Sunday [16 May] as four anonymous letters received by the police here on May 13 contained threats of an attempt on Havel's life.

Josef Trejbal, North Bohemian Police director, told journalists today that two of the letters had been signed by miners from Most and workers of the Benzina oil distributing company in Litvinov, both in North Bohemia. The third letter was mailed in Litvinov and the fourth in Terezin.

All letters justified the planned attack because of Havel's statements about Czechs and Germans' need to coexist.

In the years 1940-45, the Nazis transported over 200,000 people from all over Europe to the Terezin small fortress and ghetto and to the concentration camp in nearby Litomerice. Every fifth prisoner died there and some

100,000 perished after deportation from Terezin to extermination and concentration camps.

No signs of an attack on Havel were registered in Terezin on Sunday.

This was the second threat against Havel within a week. On May 6, Czech Interior Minister Jan Ruml announced that on May 5, police detained four foreign nationals suspected of wanting to assassinate Havel.

He said police had intercepted an anonymous letter threatening Havel's assassination. The letter said that in connection with Havel's statements about Yugoslavia, made in the United States, extreme Montenegrin circles were preparing an attack on Havel.

During the U.S. visit in April, Havel called on the world to intervene more resolutely in Bosnia.

Investigation has produced no evidence confirming plans to kill Havel.

**Baudys Describes New Army Officers' Tests***AU1905132993 Prague CTK in English 1547 GMT 17 May 93*

[Text] Prague May 17 (CTK)—Czech Army officers will be undergoing tests to assess their moral qualities and physical and specialist skills following a special order to the Army which goes into effect today, Czech Minister for Defence Antonin Baudys told journalists today.

The Army needs the best and the most promising young officers, Baudys said, denying that the tests are similar to the examinations or screenings known to have taken place under the former regime.

In the tests, which will cover all lower and higher officers and generals, each individual will appear before a three-man commission to answer questions relating to his past performance. The commissions' findings should make clear the value of each individual to the army and his ability to exercise a particular function, Baudys said. The commission's ruling can be appealed, he said.

In all, 28,000 Army officers are to be tested in three waves. The first wave would include officers at the Ministry of Defence and the Army High Command directly answerable to the minister, the next one would include remaining ministry and high command officers, and the last would deal with regimental officers. Commissioners would be named by appointed officers who have passed the criteria, Baudys told the journalists.

The tests will focus on each individual's education, his potential for service in the new Army and the quality of his performance. Identifying those who figured in the 1989 reprisals against targeted civilians and code named Norbert and Zasah (hit), and in the Army cleanup commissions active after 1968, would be a priority, Baudys said.

The new Czech Army would have 32,000 professional officers and sergeants, which means that 8,000-10,000 of the present officers, including some who may have passed the test, would have to go, Baudys said.

Some 1,400 officers have given notice or left since the beginning of this year.

#### **Dyba Doubts Accuracy of Industrial Statistics**

*AU1905133193 Prague CTK in English 1623 GMT  
17 May 93*

[Text] Prague, May 17 (CTK)—Czech Economics Minister Karel Dyba today expressed doubts about the accuracy of statistics indicating a decline in the Czech Republic's industrial output in the first quarter of this year which are contained in a report published by the Czech Statistics Office last week.

In a lecture organised by the Konrad Adenauer Foundation, Dyba said that the data about the drop in industrial and building industry output contradict the growing consumption of electric power and building materials. He said that a certain drop in economic production is a normal occurrence given the low domestic purchase ability, the lack of demand for some kinds of goods and the collapse of eastern markets. He said that the increasing purchases of foreign currency by the Czech National Bank (CNB) and the growing level of hard currency resources indicate the positive development of the economy.

Dyba said that the government will continue to seek to maintain a balanced budget, adding that monetary policy is the business of the independent Czech National Bank.

Referring to privatisation currently underway in the Czech Republic, Dyba said that it is the most effective strategy of economic development, adding that the speed of privatisation is more important than its perfect implementation.

Dyba described the necessity of the West opening its markets as a key question for the Czech Republic.

Dyba said that though he was convinced that a dramatic wave of bankruptcies in the Czech Republic is very unlikely, the government had a programme ready to stand up to a possible avalanche of bankruptcies.

Dyba also said that the government should gradually withdraw from the Tripartite Council of General Agreement, which comprises representatives of the government, employers and trade unions, and aims to preserve social tranquility in the country by means of close cooperation in the economic field. He said that the government should interfere only in cases when unions and employers fail to reach an agreement.

#### **Ruml Criticizes Government on Security Issues**

*AU1905133793 Prague CTK in English 1428 GMT  
17 May 93*

[Text] Prague, May 17 (CTK)—Despite the fact that 90 percent of the Czech population feels that the security situation in the Czech Republic is very serious, the government has not adequately responded to this problem, said Interior Minister Jan Ruml at a press conference today.

At the press conference, which was held to introduce the new president of the Czech Police, Stanislav Novotny, Ruml said that the security problem is, unfortunately, not a priority for the Czech Government at the moment. He noted that the resolution of this matter would depend partly on Novotny, on how strong his voice was and how he presented arguments for why the government should re-evaluate these priorities.

If the government can spend four and a half hours discussing whether to return the shares of Slovak investors, I think that it could also devote some time, an hour or two, to important matters such as crime in the Czech Republic, Ruml said.

#### **Parliament Passes Amendment to Income Tax Law**

*LD1905162993 Prague CTK in English 1352 GMT  
19 May 93*

[Text] Prague, May 19 (CTK)—The Chamber of Deputies today approved with 107 votes an amendment to the income tax law and the law on the administration of taxes and payments.

The amendment is intended to create new jobs and to provide incentives for the reinvestment of profits.

Quarterly tax payments will be replaced by semi-annual payments, and taxpayers whose most recent tax liability did not exceed 100,000 crowns will pay semi-annually in the current tax period.

The amendment will also increase taxes on interest to 25 per cent to even out differences in taxes on revenues. It should generate about 3 billion crowns in 1994.

Deputies of the four coalition parties, along with majorities from the Self-Governing Movement for Moravia and Silesia and the Christian Social Union voted for the amendment. Opposing the amendments were primarily deputies from the Left Bloc.

#### **Balance of Payments Deficit With Slovakia Viewed**

*AU1805160293 Prague MLADA FRONTA DNES  
in Czech 15 May 93 p 14*

["tma, sim"-signed report: "A Record Deficit for the Czech Republic in Relation to Slovakia"]

[Text] Prague—The Czech Republic's balance of payments deficit with Slovakia in the new account (obligations and outstanding claims since 8 February) amounted to some 2.683 billion korunas on 14 May. On the other hand, Czech Statistical Office figures on mutual trade reveal that, during the period from January to the end of March, exports from the Czech Republic to Slovakia were higher by 1.431 billion korunas. These figures, therefore, mask an obvious contradiction.

This trend may be influenced by several factors. The physical transfer of goods across the Czech-Slovak border does not have to show up in the clearing

account due to the time difference between the goods being supplied and the start of the payment period. Some experts think that Czech goods are reaching Slovakia, but the customers there are not paying for them. In this case, even the value of the goods may not show up on the clearing account. The transfer to barter trade—whereby goods are paid for in kind and no financial transfers are registered—may also play a role here. Moreover, the clearing account reflects the balance of payments situation, which covers a broader range than trade exchange. For example, payments for utilizing the gas pipeline, social payments, and so on are accrued in it.

Czech-Slovak Trade in January-March 1993 in Millions of Korunas

| Commodities                        | Exports to Slovakia | Percent of Total | Imports from Slovakia | Percent of Total |
|------------------------------------|---------------------|------------------|-----------------------|------------------|
| Foodstuffs                         | 1,167               | 8.8              | 457                   | 3.8              |
| Beverages and Tobacco              | 316                 | 2.4              | 256                   | 2.2              |
| Raw materials                      | 289                 | 2.2              | 411                   | 3.5              |
| Mineral Fuels                      | 1,598               | 12.0             | 788                   | 6.6              |
| Oils, Fats, Waxes                  | 59                  | 0.4              | 7                     | 0.1              |
| Chemicals                          | 1,146               | 8.6              | 1,567                 | 13.2             |
| Consumer Goods                     | 4,145               | 31.2             | 4,170                 | 35.1             |
| Machinery and Conveyance Equipment | 3,303               | 24.8             | 3,009                 | 25.4             |
| Various Industrial Products        | 1,265               | 9.5              | 1,204                 | 10.1             |
| Total                              | 13,300              | 100.0            | 11,869                | 100.0            |

#### Statistical Office Reports Price Development

AU1805160093 Prague HOSPODARSKE NOVINY  
in Czech 17 May 93 p 5

[Czech Statistical Office Department of Price Statistics and Foreign Trade report: "Development of Consumer Prices and the Cost of Living in the Czech Republic in April"]

[Text] The increase in consumer prices continued to be moderate in April. The monthly rate of growth was a mere 0.6 percent in April, the same as in March. Grocery prices registered another decline (0.5 percent compared with March), while prices in public catering remained stagnant in April. The prices of non-food items went up 0.9 percent. The most marked increase was in the prices of services, which went up 1.6 percent.

In the category of groceries, the decline of prices continued for meat and meat products (2.3 percent), eggs (3.6 percent), and fats (1.1 percent). The prices of other grocery items went up moderately, by around 0.5 percent.

In conjunction with the development of grocery prices, the prices of restaurant meals negligibly increased (0.2 percent) while the prices in company canteens were stagnant.

The most marked increase in the category of non-food items was registered in the prices of footwear and fancy leather goods (2.2 percent), while the prices of cultural needs registered a moderate decline (0.2 percent).

The increase in the prices of services was accounted for mainly by the adjustment of bus fares, which went up 12.4 percent in long-distance passenger transport and 6.3 percent in municipal transport. The price increases in the group of paid medical services, which went up 10.7 percent, were also significant.

The aggregate increase of consumer prices since the beginning of the year reached 11.2 percent in April (compared with December 1992). Prices in public catering and in services registered an almost identical increase of 17.3 and 17.1 percent respectively, while the prices of non-food items increased 10.3 percent and grocery prices 7.6 percent.

The average annual increase of consumer prices (average for the last 12 months compared with the average for the preceding 12 months) amounted to 13.9 percent.

The cost of living index also increased moderately in April (compared with March). The cost of living was 0.5 percent higher for employees' households, 0.3 percent for farmers' households, and a mere 0.2 percent higher for pensioners' households (owing to the decline in grocery prices).

**Bank Governor Discusses Koruna Exchange Rate**

AU1905121093 Prague LIDOVE NOVINY in Czech  
18 May 93 p 13

[Interview with Czech National Bank Governor Josef Tosovsky by Vladimir Bystrov, Jr.; place and date not given: "About the Koruna-Koruna Exchange Rate"]

[Text] The problems of the exchange rate between the Czech and the Slovak koruna, the issue of devaluation or revaluation, and the balance of the clearing accounts opened to settle claims and debts stemming from the trade between the two republics are frequent topics of discussions and polemics. We spoke with the Czech National Bank Governor Josef Tosovsky about the relationship between the two currencies:

[Bystrov] At this time, there is a relative shortage of Slovak korunas. Why is that?

[Tosovsky] The problem you brought up has to be divided into two parts. The clearing system for business and nonbusiness payments between enterprises works flawlessly; there is no hitch there. Let us talk about the population, about the possibility of purchasing foreign currency before either private or business travel to the Tatra Mountains or Trencianske Teplice. I must say that we did not want to centrally organize a sufficient supply of Slovak korunas in the commercial banks. We only exchanged on the level of central banks 200 million korunas to sell to the banks so they would have a sufficient basis. The banks, at least the Czech ones, as opposed to their Slovak counterparts, have not really used the opportunity. The reason for their restraint is basically the economic development in Slovakia after the partition of the former Czechoslovakia. Some of them already clearly project this in the exchange rate, and although no devaluation has taken place in Slovakia so far, they simply expect one. Unfortunately, I can only observe that to a great degree the Slovak economy, economic policy, and the hitherto results are obscured. It is simply difficult to make any analysis, and this prevents the banks from a larger-scale trade in Slovak korunas.

[Bystrov] Certain changes in the exchange rate of the Slovak koruna did occur....

[Tosovsky] There was a devaluation in Slovakia, and they have just returned the exchange rate to its former level, revalued, but only in relation to the clearing ECU.

Of course, the ECU only affects payments of business character and not the exchange rate between the Czech and Slovak korunas on the open market. It is the public market at which the Czech banks anticipate that the Slovak difficulties will grow worse, that they will be reflected in the exchange rate, and if they held too many korunas in their coffers, in the event of a devaluation, they would suffer exchange losses. They want to avoid this and therefore minimize their trade and receipts in the Slovak korunas.

[Bystrov] Is there a cure for this situation?

[Tosovsky] I do not think so.

[Bystrov] Why does the Czech National Bank not yet quote the exchange rate of the Slovak koruna?

[Tosovsky] We only list exchange rates against convertible currencies, and the quotes of the Slovak koruna for the business sphere would have no dynamics. We are not going to interfere with the market and let the commercial banks settle it among themselves.

[Bystrov] What is the current balance on the mutual clearing account?

[Tosovsky] On the old bloc clearing account—i.e., the claims from before the currency division—the Czech side has a surplus of approximately 1.2 billion korunas. On the new bloc clearing account, on the other hand, we have a deficit of approximately 80 million clearing ECU's. The allowed margin is 130 million, but the two accounts—their balance—must be compared first. We will combine the balance of both blocs on 15 May (after a certain time again). Thus, our margin is far from exhausted. Despite the overall balance developing in favor of the Slovak side, we do not want to change the rate. The development in our foreign currency reserves is so good that we can afford this. We can easily go as far as the margin, or even overdraw the line of credit and pay the difference, just to maintain the trade between the Czech and the Slovak Republics at its maximum. If we introduced some changes to the rate, and the trade would turn around, the deficit would appear on the Slovak side. If the Slovak side were overdrawn and were to pay us in convertible currency, given the level of its current foreign currency reserves, it probably would not be able to do so. That would lead to reducing the extent of our trade, and that would, in turn, adversely affect the economic development on both sides.

**Meciar Gives Testimony at U.S. Congress**

*LD1905115193 Bratislava Rozhlasova Stanica  
Slovensko Network in Slovak 0500 GMT 19 May 93*

[Excerpts] One of the most interesting points on the itinerary of Slovak Prime Minister Meciar's first day in the United States was undoubtedly the hearing at the U.S. Congress. It was chaired by Tom Lantos, chairman of the subcommittee for Europe. The Slovak prime minister had prepared especially thoroughly for the meeting. Peter Susko reports from Washington.

[Susko] It got hot when Tom Lantos asked how freedom of the press was observed in Slovakia. He cited the dismissal of Marian Kleis, the former director of Slovak Television, the case of the SMENA daily and Editor in Chief Karol Jezik, and the concept of ethical self-regulation [eticka samoregulacia]. Vladimir Meciar answered that the government did not, and continued not to, interfere in television, and had nothing to do with the recall of its former director. Television is an independent, public, and legal institution that was and continues to be in economic crisis, Vladimir Meciar said. He added that the representatives of the television council had repeatedly asked the director to come up with proposals to resolve the economic situation. Several breaches of the law were suspected. They were borne out by an audit. The television council eventually fired the incompetent director. Replacing incompetent staff was not evidence of a lack of freedom, but protection of other people's freedom, the Slovak prime minister said.

As for ethical self-regulation, Vladimir Meciar admitted to having coined the term himself. He justified the need for it as follows: Exercising democracy [prejavny demokracie] in a country that is not ready for it brings with it a lot of flaws [necistoty], such as settling scores in the press, accusations, and the slander of people. I met representatives of the press and told them that we had no laws regulating the content of information. I said that in the absence of legal rules I would have to ask them to carry out regulatory measures by following ethical rules. World organizations of journalists have ethics in their policy statements. The citizen, given the current state of the judiciary, has no recourse to call for immediate protection. The appeal to criticize and to use moral standards is an appeal for freedom. It is the sort of freedom, though, that also protects the adversary, Vladimir Meciar conceded.

Other issues discussed at the congressional hearing concerned the alleged contracts to supply tanks to Syria and Pakistan. The Slovak prime minister said he knew nothing whatsoever about them. [passage omitted]

At the conclusion of the hearing, Tom Lantos said he hoped the future of the Slovak Republic would be prosperous. He assured Vladimir Meciar that he could count on his full support.

The Slovak prime minister later said that the congressional hearing had been easier than he expected.

**Holds Press Club News Conference**

*LD1905191393 Bratislava Rozhlasova Stanica  
Slovensko Network in Slovak 1630 GMT 19 May 93*

[Text] The thing on the agenda of the visit of Vladimir Meciar to Washington was a news conference at the U.S. National Press Club. The questions covered a broad spectrum, ranging from the economy to diplomacy to Slovakia's relations with its neighbors. This basic information is commented on from Washington by our correspondent Peter Susko.

[Susko] At the start of the meeting Vladimir Meciar recalled the fact that, despite Slovakia being at the heart of Europe, it is not very well known, because when Czechoslovakia was in the process of dividing Slovakia not always emerged objectively from the propaganda. It would be good if you came to Slovakia, the prime minister told the assembled journalists, so you can see what is positive in our country.

Since Hungarian journalists also took part in the meeting some of the questions concerned the position of the Hungarian minority in Slovakia, as well as mutual Slovak-Hungarian relations. The prime minister said that the basic principle of these relations must be stability of the borders. Infringements upon this principle led toward what happened in Yugoslavia, he said, and added that in Hungary there exist some politicians wanting a greater Hungary. In this connection he recalled the statement by Jozsef Antall that he is the prime minister of 15 million Hungarians, including also those living in Slovakia. Vladimir Meciar said: I am the prime minister in Slovakia of all its citizens.

He also recalled the words of the Hungarian minister of foreign affairs to the effect that the CSCE excludes merely forceful changes to borders. In this connection the Slovak prime minister said that next year's Hungarian elections will decide, and added that he is convinced there should be a civil solution of mutual arguments.

As for other spheres of questions, Vladimir Meciar said that the state of the economy in Slovakia is better than expected by anyone, that we have all we need to preserve our own security, and that although we feel threatened we do not pose any threats to anyone.

He ended on the topic of conversion. He said:

[Begin Meciar recording] In conversion nobody helped us and nobody even thanked us. Others came to the markets which we had left, above all the Poles and the Russians. We expressed our good will. We went to the limit of feasibility at the expense of high unemployment. But if nobody gives us anything from the outside—there is not even interest in privatizing arms factories—we are thinking of temporarily renewing this production, not fully, but sufficiently so that it can earn and maintain its existence. [end recording]

After meeting American journalists, Vladimir Meciar's agenda included a meeting with the Czechoslovak-U.S.

Society, dinner at the Capitol, and a meeting with members of the Foreign Committee of the House of Representatives and its chairman, Lee Hamilton.

**KSU Opposed To Former Communists Filling Post**

AU1905132593 Prague CTK in English 1438 GMT 17 May 93

[Text] Bratislava, May 17 (CTK)—The Christian Social Union (KSU) disagrees on principle with the Democratic Left Party's (SDL) striving to fill the post of the chairman of the Slovak Supreme Supervisory Board, KSU Deputy Chairman Viliam Oberhauser told journalists today.

He said the KSU had appealed to Slovak parliament deputies to thoroughly consider the impact such a move might have on Slovakia's image abroad.

In our view, the SDL (former Slovak communists and currently the second strongest political party in Slovakia—Ed) is capable of directing affairs in a country with a planned economy and a communist society, but not in a one with a pluralistic democratic society and a market economy, Oberhauser said, commenting on the SDL's possible participation in the Slovak Government coalition.

Referring to the division of former federal property between the Czech and Slovak Republics, Oberhauser said the division of property from Czechoslovak Airlines of which the Slovak side had only four percent, while the Czech side received two-thirds of the property of the former Slovair Slovak air company illustrates the way of how federal property is being divided. He said that in all other spheres, the division of federal property is going similarly.

Oberhauser described the statement that Slovakia owes something to the Czech Republic as outrageous.

**Crime Statistics Reveal Murder Rate Doubles**

AU1405150293 Bratislava NARODNA OBRODA in Slovak 12 May 93 p 13

[TA SR report: "Slovakia and Crime; 53 Murders in 4 Months"]

[Text] Bratislava—In the first four months of this year, 53 murders were committed in Slovakia (of which 38 have been solved). That is 26 more than in the same period last year. During the same time, 422 robberies and 14,409 burglaries were recorded, causing damage totalling 280,597,400 Slovak korunas [Sk]. In addition, criminal proceedings were initiated against 34 suspects for 23 offenses against privatization and 54 offenses of tax evasion of Sk247,507,737. Between January and April 1993, the police recorded the attempted use of 1,275 counterfeit banknotes (German marks, U.S. dollars, Austrian schillings, etc.) and also of Slovak banknotes with forged duty stamps. Moreover, 45 policemen are being prosecuted for the misuse of the powers of public officials (26), crimes of negligence (5), bodily harm (3), and others.

[Bratislava SMENA in Slovak on 12 May on p 1 in a similar report adds: "Of course, the question was inevitably raised at the news conference as to whether it is true that the 8 kilograms of semtex explosive that the police discovered in a car in Zelenec near Trnava was intended for the extortion of shares of Slovak coupon privatization investors held in the Czech Republic. The answer attributed this claim to Minister Kuchyna, adding that the investigation to date has not confirmed this allegation."]

**Political Parties' Financial Positions Reported**

AU1805111693 Bratislava SLOVENSKY DENNIK in Slovak 14 May 93 p 2

[TA SR report: "The Party of the Democratic Left Is the Wealthiest Party"]

[Text] Bratislava—The rumors have been confirmed of debts of the Democratic Party (DS), which owes the State Treasury 1,659,000 Slovak korunas (Sk). The Christian-Social Union (KSU) accumulate a debt of Sk1,200,000, and the debt of the former Civic Democratic Union in the amount of Sk2,810,000 also remains outstanding.

This was reported by the Slovak Television Aktuality news program in response to the demand by Ivan Gasparovic, chairman of the National Council of the Slovak Republic, who on 22 March of this year reminded the 65 political parties and movements registered in Slovakia to fulfill their legal obligation and submit to the parliament their 1992 financial statements.

Only 33 parties and movements satisfied this requirement. It has come out that the wealthiest party is the Party of the Democratic Left. Moreover, the Slovak Television observed that if the representatives of this party deny any links to the former Communist Party of Slovakia, it is rather incomprehensible how the Party of the Democratic Left managed to acquire property worth Sk94,630,000 in just three years of existence. Furthermore, as Slovak Television also reported, the Movement for a Democratic Slovakia owns property valued at Sk11,947,000, the Slovak National Party has Sk11,856,000, the Hungarian Christian Democratic Movement Sk8,688,000, and the Christian Democratic Movement Sk7,829,000.

**Statistical Office Reports Price Developments**

AU1805131493 Bratislava HOSPODARSKE NOVINY in Slovak 14 May 93 p 15

[Slovak Statistical Office report: "Development of Consumer Prices and the Cost of Living in the Slovak Republic in March"]

[Text] Consumer prices went up 1 percent on aggregate in March. The most marked increases were registered in the prices of non-food items, 1.5 percent, and in the prices of services, 1.3 percent. The prices of groceries increased 0.4 percent while prices in public catering declined 0.2 percent.

In the category of non-food items, prices rose in almost all groups of merchandise being monitored. The most distinct price increases concerned household furnishings and supplies, construction materials, vehicles, sports equipment, and cultural needs, which went up by between 1.6 and 3.9 percent.

In the category of services, prices went up in almost all groups being monitored, with the most distinct increases being registered in the group of personal services, in housing rents, and in communal services, which went up by between 1.4 and 2.3 percent.

The slowdown in the growth of grocery prices was caused by the 2.8 percent decrease in the prices of eggs and egg products, the 0.4 percent decrease in the prices of fats, and the 1.3 percent decrease in the prices of meat and meat products. In the other groups of groceries, prices continued to rise. They went up 0.4 percent for alcoholic beverages, 0.6 percent for sugar, sweets, and confectionery, 1 percent for milk and dairy products, 1.9 percent for nonalcoholic beverages, and 2.7 percent for flour, pasta, and bakery products.

In the category of public catering, prices in company cafeterias went up 1.1 percent while the prices of restaurant meals registered a moderate 0.3 percent decline.

In the first three months of this year, consumer prices went up 10.5 percent on aggregate, compared with December 1992, with the monthly rates of growth showing a markedly downward trend (8.9 percent in January, 1.6 percent in February, 1.0 percent in March). The smallest growth since the beginning of the year has been in the categories of non-food items, 8.4 percent, and groceries, 8.5 percent. Far more distinct were the increases in the prices of services, 12.3 percent, and, above all, in public catering, 23.3 percent.

A long-term comparison (basis: January 1989) shows a 131.6 percent increase in consumer prices by March 1993.

The development of consumer prices also affected the cost of living, which went up in March, compared with February, 1.0 percent in employees' and farmers' households and 0.8 percent in pensioners' households (in view of the development of grocery prices, which have a greater weighting in these households).

#### **Meciar Views Crisis in Eastern Europe**

*AU1805123993 Hamburg DER SPIEGEL in German  
17 May 93 pp 182-184*

[Interview with Slovak Prime Minister Vladimir Meciar by Martin Pollack and Olaf Ihlau in Bratislava; date not given: "We Have Won"]

[Text] [DER SPIEGEL] Mr. Meciar, about five months after the separation of the CSFR there is no longer enthusiasm about independence in Slovakia but despair about the disastrous economic consequences. Was the destruction of the CSFR actually a mistake in hindsight?

[Meciar] On the contrary. We have won.

[DER SPIEGEL] How so—with mass unemployment and double-digit inflation rates?

[Meciar] All the world is now open to us for cooperation. For the first time we can objectively assess our own situation. Even though it is not good, it is better than expected.

[DER SPIEGEL] You promised the Slovaks that the path to prosperity goes through sovereignty. There is not much to be seen of that now.

[Meciar] We already had unemployment in the Federation; since then it has not risen very much. Of course, we can expect prosperity only after several years. For this purpose, we must manage the transition to democracy and social market economy, adapt to the trends of the civilization for the next millennium, and slowly approach the developed industrialized states. In any case, we do not want to enter the EC as poor relatives, who hold out their hands begging.

[DER SPIEGEL] This will probably take some time. You yourself said that Slovakia is currently going through the worst recession since the 1930's....

[Meciar] ...even worse than in the 1930's....

[DER SPIEGEL] ...and that in three months you will not even be able to pay the salaries of the policemen.

[Meciar] Well, this must be possible. Because if the police are not paid by the state, they will be paid by the mafia.

[DER SPIEGEL] The economic setbacks are also a burden on your own reputation. Latest polls show that Meciar, the people's tribune, is becoming rather unpopular.

[Meciar] I am not particularly worried about my popularity. For my work it used to be typical that I talked to the citizens every day. Now I cannot do that anymore. I need too much time for the reconstruction of the new state.

[DER SPIEGEL] But you are also losing followers in your government party HZDS [Movement for a Democratic Slovakia]. Ex-Foreign Minister Milan Knazko left, followed by seven other deputies. Now you can rely on only 66 of the 150 deputies.

[Meciar] But 15 from other groups support us....

[DER SPIEGEL] ...You are just lucky that the opposition does not want to take over the government because they are afraid of the economic problems.

[Meciar] There are various possibilities to form a coalition. If the next elections are three years off, then those who are now in government will win.

[DER SPIEGEL] What makes you so sure that you will win the elections in 1996? In your most important companies, the armament industry, only one-tenth of the staff are working because the markets in the east have collapsed. It will not be possible to find a replacement for them quickly.

[Meciar] It can hardly get any worse, and we can develop new markets, after all. Already now 55 percent of our exports go to the West. For the first time we have a positive balance of payments, and we are stabilizing the currency. All these are positive steps of the past few months; we are already a bit above the lowest point.

[DER SPIEGEL] We get the impression that we are talking to a professional optimist.

[Meciar] No, to a realist. Our government is not to blame for the worldwide recession. The collapse of the economy is not our fault, either.

[DER SPIEGEL] Why do you not give privatization a new stimulus, as the Czechs have been doing with success?

[Meciar] In the Czech Republic there are more private companies but less revenues from the private sector. In our country the degree of privatization is lower, but we have higher revenues from the private sector.

[DER SPIEGEL] How does this work?

[Meciar] Because we have privatized the more profitable companies, the best ones we had.

[DER SPIEGEL] Do you feel discriminated against by the Western investors, who prefer Prague?

[Meciar] Frankly, they do not know much about us. In the newspapers they read that communist dictator Meciar is ruling here, that Slovakia is flirting with the East, that the country is politically unstable. I would not like to go there, either. However, I know our country better and will give it everything we have.

[DER SPIEGEL] In what area do you think you are able to offer something to western investors?

[Meciar] A total of 67 percent of all investments from the West go to Bratislava. The investors do not know eastern and central Slovakia. The chemical, machine-building, and consumer goods industry there certainly has the same capacity as German industry, but the people get only 250 marks per month. If new technology were imported, labor productivity could be achieved, which would certainly compete with the German one.

[DER SPIEGEL] The originally gentle separation from the Czech brother is becoming increasingly rude. Prague's Prime Minister Vaclav Klaus wants to close the border with Slovakia more. Are you threatened with isolation from the West?

[Meciar] No, we have a direct and shorter way via Vienna. Since the separation, more radical tones are

emerging from the Czech Republic. Some want to punish us and would prefer to isolate us completely.

[DER SPIEGEL] The issue is probably also the influx of poor emigrants and asylum-seekers.

[Meciar] This is only an excuse. Our border protection has meanwhile become so active and so profound that there are very few ways to cross the border illegally.

[DER SPIEGEL] Prague is in the process of coming to an agreement with Bonn on the acceptance of returned refugees, which would then also bring refugees back to Slovakia. Are you afraid of becoming the victims of a harsher German asylum policy?

[Meciar] We understand Germany's policy. Each country has to take care of its own citizens. As far as Slovak citizens are involved, we will certainly take them back. However, if they are Kurds, Romanians, or others, multilateral agreements must be concluded. We will cooperate; this is natural in today's Europe. Migration is decisively influenced by social motives and not by political ones.

[DER SPIEGEL] However, the fortress of prosperity in Central Europe will probably do everything to make the streams of migration end in front of its threshold in the future—in Prague and Bratislava for instance.

[Meciar] Prosperous Europe has not yet come to terms with the changes in Eastern Europe, has not yet found a model for the new structure of our continent. If this opportunity is missed, a new bipolarization threatens, the relapse into spheres of influence. This would be a pity and dangerous.

[DER SPIEGEL] As a result of rising unemployment in the West, the signs are no longer pointing to European unification now but to disintegration and isolation. Your neighbor Havel said that disintegration radiates as much as radioactivity.

[Meciar] One of the reasons that made us strive for Slovak sovereignty was European integration. Should this now be over?

[DER SPIEGEL] The Czechs will probably be able to jump on the EC train before the Slovaks, because of their better economic data.

[Meciar] I know the Czech economy well; it does not have a technical level that would be able to withstand a collision with a strong economy, but I hope for the Czechs' sake that it works. They will need 10 to 15 years for this adjustment.

[DER SPIEGEL] In addition, the controversy over your family silver is causing tensions with the Czechs at the moment.

[Meciar] Ha, silver—this also involves nine tonnes of gold. It is our gold that the Czech Republic has.

[DER SPIEGEL] Your counterpart Vaclav Klaus in Prague calls such ideas absurd.

[Meciar] Perhaps, but the Czechs should not forget that all their energy pipelines run across Slovak territory.

[[DER SPIEGEL] Do you want to switch off Klaus and Havel's lights?

[Meciar] If the oil deliveries are interrupted, they will not hold out longer than 10 days. I do not want to say that one should use these means, but our opinion becomes more realistic in view of this.

[DER SPIEGEL] As a result of the social upheavals in Central and Eastern Europe, the phenomena of nationalism, particularism, and violence are increasing everywhere....

[Meciar] ...there are reasons for that. The communist regime hid some things under the rug.

[DER SPIEGEL] You think that in the Leninist command societies ethnic harmony was forced by repression.

[Meciar] Exactly, and afterward these problems suddenly surfaced. Freedom was understood as freedom from everything. The citizens' discipline dissolved. The opening of the borders has led to the internationalization of drug crime, the mafia, prostitution....

[DER SPIEGEL] But prostitution did already exist in the old East Bloc, after all.

[Meciar] Certainly, but not to this extent. The same goes for drugs and for organized crime. All these things are rising rapidly. It happens as in the movies, but we tell the people: You are not in the movies, you must participate. At least Slovakia has one advantage: A small yard can be cleaned up more quickly.

[DER SPIEGEL] In the Balkans, on the other hand, no one seems to be able to clean up anymore. The Balkans

are bleeding to death. Do you, like Havel, advocate more decisive action against the Serbs?

[Meciar] I have always been lucky enough to agree with Havel only rarely in my life. This is also true in this case. We all knew that a military solution will come in the Balkans. We forget that, before this solution, some Western countries advocated the continued existence of the old Yugoslavia at first.

[DER SPIEGEL] But the question is whether borders may be changed by force. This is what the Serbs are doing. Perhaps the Hungarians will soon make similar claims to the areas of Hungarian settlements in southern Slovakia?

[Meciar] If borders were to be shifted in line with ethnic principles, all of Europe will start to burn. Yugoslavia is an admonition to us, but also to others. If we accept the model of forming autonomous territorial units where the minority of the respective states is the majority, then we will open Pandora's box and start another round of conflicts in Europe. This is how World War II started.

[DER SPIEGEL] Thus, you no longer believe in the noble oaths of the CSCE?

[Meciar] What kind of protection is this? There are no sufficient structures for this purpose within the framework of the CSCE. NATO has not yet accepted us as members. There is no group of states that stands for a reliable defense system. Thus, we depend on ourselves.

[DER SPIEGEL] Do you believe that your army is sufficient in case of war?

[Meciar] We are able to defend ourselves. We do not feel threatened; we have 5.3 million inhabitants and 45,000 men in arms. However, in a war everyone who can walk will fight.

[DER SPIEGEL] Mr. Meciar, thank you for this interview.

**Jeszenszky Interviewed on Relations With NATO**  
*AU1805155693 Budapest UJ MAGYARORSZAG*  
*in Hungarian 17 May 93 p 3*

[Interview with Foreign Minister Geza Jeszenszky by Laszo Daroczi in Budapest on 16 May: "We Still Have To Wait for Guarantees"]

[Text] Many reports over the weekend dealt with the news, according to which Hungary turned to NATO for defense missile systems and security guarantees. However, Brussels allegedly refused this request. [Foreign Minister] Geza Jeszenszky is leaving for Brussels today and, among others, he will meet with NATO General Secretary Manfred Woerner. Our correspondent visited Geza Jeszenszky in his home in Budapest on 16 May in order to get genuine information after the various rumors. Geza Jeszenszky, who spent Sunday [16 May] preparing for the rather hectic week awaiting him, said that the time had not yet come for the security guarantees that many people thought necessary lately. Geza Jeszenszky also said that he would exchange views with Manfred Woerner primarily on the situation in the region and the political and military means of peace-keeping activity.

[Daroczi] After your arrival from Strasbourg, you said that you would not go to Brussels to get missiles. If this issue is not on the agenda, what will you negotiate about?

[Jeszenszky] Indeed, I am not traveling to Brussels in order to purchase missiles or to get security guarantees that some people have seen as necessary lately; the time has not yet come for such guarantees. My visit to NATO is connected to my official foreign ministerial visit in Belgium. The government has been constantly discussing Hungary's security situation and the strengthening of this security for three years, in the framework of a three-year process. The main subjects of the upcoming talks are the following: the political and military means of peace-keeping activity and the situation of this region, including Hungary's situation. This will be the subject of our talks with Manfred Woerner and the NATO Council, which is the body of permanent representatives of member states. I will spend about two and a half hours in the NATO center. I would like to remind the readers that the talks are always more intensive when there are changes in the security situation of the region, including Hungary, or when the possibility of such changes emerges. The same occurred during the Moscow Coup in 1991, and any new development (both favorable or unfavorable) in the Yugoslav crisis justifies higher-level discussion of necessary actions. Of course, I am doing all this by being aware of the fact that if the parliamentary mandate on the activity of the AWACS aircraft needs any modification we will carry this out.

[Daroczi] What can you say about the rumor that NATO allegedly refused the Hungarian demands?

[Jeszenszky] The situation in the former Yugoslavia definitely justifies constant contacts not only with NATO but

also with the NATO member states. Relevant exchanges of views have been going on for weeks and I find it very unfortunate that "sensational" reports appeared on the basis of a Reuter rumor, according to which several sources treated it as fact that NATO had refused the Hungarian demand. We can only say, regarding this, that there is no Hungarian demand whatsoever and no refusal whatsoever has taken place. This rumor was spread by a press agency and not by NATO. Therefore, I find it particularly unfortunate that, when I spoke at the airport upon my arrival from Strasbourg on Friday evening [14 May], the Evening Balance program of Hungarian Television reported it as fact that NATO would reject certain Hungarian requirements or demands while, in my opinion, the interview made it absolutely clear that there were no such requests whatsoever.

Thus, the rumors of our alleged intention to purchase missiles or other military equipment or rumors of alleged negotiations involving such requests are lacking any basis. I also find it unfortunate for anyone to frighten our own public or possibly foreign public opinion with unrealistic or exaggerated threats. In my opinion, this country can rest in peace today; however, I will be calmer if our Western partners are better aware of Hungary's security situation and of the circumstances that concern us from a security point of view. The supply of information is also steady on other diplomatic venues, but numerous opportunities for first-hand information have emerged and are emerging these days. After Brussels, I will travel to Rome to participate in the meeting of the Western European Union, and then to New York, for the Bosnia meeting of the UN Security Council.

[Daroczi] A proposal was made over the weekend for NATO to set up a partnership with Hungary. What is your opinion about this?

[Jeszenszky] The Hungarian Government is conducting a consistent policy with NATO. Even before the formation of the new cabinet, the Hungarian Democratic Forum [MDF] proved to be the party with the most determined Euro-Atlantic policy in the region. We heard several ideas at the time, beginning with a reformed Warsaw Pact and ending with a big neutral bloc. Hungary has a very clear position and it refrains from any hasty steps; Hungary is also aware of the fact that politics is the art of possibilities.

**Interior Ministry Agreement Signed With Slovenia**

*LD1905165793 Budapest MTI in English 1421 GMT*  
*19 May 93*

[Text] Budapest, May 19 (MTI)—Interior Ministers Peter Boross of Hungary and Ivo Bizjak of Slovenia signed a cooperation agreement here today.

The agreement calls for police and border guard cooperation in fighting organized crime, illicit drug trade and terrorism.

The two ministers discussed bilateral links, border-zone cooperation and the South Slav war.

#### **National Bank Issues Eurodollar Bonds**

*LD1905162893 Budapest MTI in English 1055 GMT  
19 May 93*

[Text] Budapest, May 19 (MTI)—The National Bank of Hungary (NBH) issued Eurodollar bonds worth USD 150 million on Tuesday, NBH Vice-President Frigyes Harshegyi reported in a telephone interview from Tokyo.

Harshegyi and NBH President Akos Peter Bod have been in Japan since Monday, holding talks with Japanese bank officials and business representatives.

The bonds were issued Tuesday afternoon with a 5-year maturity. Practically the entire issue was subscribed within two hours by investors under conditions more favourable than those previously announced, that is at lower interest rates, the vice-president said.

The issue price was 99.5 per cent of the face value, with an annual interest of 8 per cent, giving a  $8 \frac{1}{4}$  per cent yield, which is 275 basis points above the average yield on U.S. Treasury Bonds.

The lead manager was Bankers Trust International, with 15 co-lead and co-managers from the U.S., Japan, Germany, Belgium, France and Holland.

With the issue, the NBH filled its 1993 issue target, Harshegyi said. This year it has issued bonds worth JPY [Japanese yen] 90 billion, DM [German mark] 1 billion, CHF [expansion unknown] 100 million and now USD 150 million.

Hungarian bonds have appeared in four of the world's leading capital markets: Japan, Germany, Switzerland and Western Europe. In addition, with the 1992 year-end bond issues, the NBH obtained credits of DM 600 million and JPY 30 billion within 6 months.

In the second half of this year the Central Bank will issue new bonds only to make use of favourable interest conditions, keeping in mind international payment commitments for 1994, Harshegyi said.

#### **EBRD Investments in Hungary Reported**

*LD1905093793 Budapest MTI in English 0844 GMT  
19 May 93*

[Text] Budapest, May 19 (MTI)—Over its two years of operation, the London-based European Bank for Reconstruction and Development (EBRD) has approved nearly 240 million ecu worth of loans and investment for Hungary, more than 10 per cent of all the money placed out by the bank.

Since it opened, the EBRD has contributed to 88 projects in 11 countries—13 of them in Hungary. In the number of projects approved, Hungary is third behind the Czech Republic and Poland, however, for sums disbursed by the bank, the country tops the list, having received 72 million ecu of a total 200 million ecu.

The EBRD gave its first loan of 4.9 million ecu to the Peto printing house, a Hungarian company. As EBRD First Vice-President Ron Freeman said recently, the company's management and employees have exceeded the creditors' expectations.

The EBRD has also approved a nearly 61 million ecu loan for the Raba engine manufacturing plant in Gyor and the General Motors car assembly plant in Szentgotthard, and has approved a 90 million ecu loan to the Hungarian telecommunications company for telephone network development.

The bank has invested 2.4 million ecu into Hungary's Microsystem, a computer company, 3.2 million ecu into the fast-food chain Burger King and 4.2 million ecu into the Kner printing house.

### **Solidarity Urges Government No-Confidence Vote**

*LD1905201593 Warsaw TVP Television Second Program Network in Polish 1730 GMT 19 May 93*

[Text] The Solidarity National Commission has instructed its parliamentary floor group to submit immediately to the Sejm a motion of no-confidence in the government. Seventy-six members of the National Commission voted in favor of the motion, three were against, and one abstained. Correspondent Andrzej Radunski reports from Gdansk:

[Radunski] The first part of the meeting gave a critical appraisal to yesterday's talks with the government. The sum of 200,000 zlotys and its conditional payment in October to employees of the public sector was regarded as a form of charity. The only positive result of the negotiations was the possible payment of salaries for the duration of the strike in schools if the teachers implement the planned syllabus.

Deputy Alojzy Pietrzyk presented the reasons for the motion of no-confidence in Hanna Suchocka's government. This proposal has already found support from 50 deputies from various parliamentary floor groups who continue to be active Solidarity members.

[Begin recording] [Solidarity deputy Bogdan Borusewicz] In a situation when there is no government for a month or two you can calculate the real costs, for instance, through the outflow of capital.

[Radunski] Do you not fear that this conflict between the government and Solidarity might be won by some third force?

[Borusewicz] That is not just a fear but a certainty. It will be won by a third force, and we will be responsible for this.

[Radunski] Is this force most likely to be a government of experts appointed by the president?

[Borusewicz] I have already heard about so many governments that were supposed to have been made up of experts that I think of it as a mere slogan. [end recording]

[Radunski] It is likely that the forms of strikes in education and the health service will be eased. After a possible negative Sejm decision about dismissing the Council of Ministers, a staff appointed today will prepare a general strike. At the same time NSZZ Solidarity does not want to bear the responsibility for appointing a new prime minister.

### **No-Confidence Motion Before Sejm**

*WS2005090893 Warsaw TVP Television Second Program Network in Polish 0600 GMT 20 May 93*

[From the "Panorama" newscast]

[Text] The no-confidence vote motion in the government is already in the Sejm. It has been submitted by Solidarity Deputy Alojzy Pietrzyk. The motion was

signed by 53 deputies of such deputies' clubs as Solidarity, Christian Democracy, Center Accord, Peasant's Accord, Polish Action, Movement for the Republic, and Union for Real Politics. A separate document on the same issue was also drafted by the Confederation for an Independent Poland. If Solidarity had not submitted its motion, the confederation would have done it before midnight. According to the Small Constitution, a no-confidence vote motion should be submitted at least seven days prior to the vote. This means that the Sejm can vote on it as early as Thursday [27 May], at the earliest session. Prior to entering the chamber of the speaker of the Sejm, Alojzy Pietrzyk stated yesterday: With this motion, Solidarity definitely cuts itself off from the government, from the lack of an economic program, from a predatory liberal policy, and from the thick line [reference to postcommunist pledge by then-Prime Minister Mazowiecki that the Polish Government would draw a "thick line" between its practices and those of the former communist government].

The Solidarity motion does not propose a candidate for the post of prime minister. If the Sejm passes it, the president either accepts the government's resignation or dissolves the parliament. If the Sejm rejects the no-confidence motion, the next one can be submitted three months after the voting, unless it is signed by 115 deputies. In such a case, the seven-day period would apply.

### **Walesa Prepared for Presidential Government**

*LD2005105793 Warsaw PAP in English 1042 GMT 20 May 93*

[Text] Warsaw, May 20—President Lech Walesa announced on Thursday that he is prepared to nominate a presidential government, in the event that the Sejm (lower house) passes a no-confidence motion in the Suchocka government, but then fails to approve a successor.

"We cannot continue as now," the president said, in an interview for the Polish press agency PAP. "We cannot have a weak executive power, we cannot have parliament mixed up in the governments business, we cannot be forever amending the budget."

The president stressed that he wanted the present parliament to continue, "but on one condition, that it allows government to proceed, that it gives back that which it denied the president."

The president noted that, under the constitution, he had no right to move for a change of prime minister.

### **Mazowsze Solidarity Begins General Strike**

*WS2005085693 Warsaw TVP Television First Program Network in Polish 0700 GMT 20 May 93*

[From the "Wiadomosci" newscast]

[Text] The Solidarity branch of Mazowsze region has begun a general strike. It is a continuation of the protest of the entire trade union against economic stagnation,

the lowered living standard of the people, and the lack of social protection for employees.

[Begin correspondent Jan Szul recording] At 0600 [0400 GMT] employees at the majority of large plants walked off their jobs, closed the gates, and actively joined the strike proclaimed by the Solidarity branch of Mazowsze region. The Warsaw Steelworks, for instance, is on strike, but the furnaces have not been put out. In order to realize the scale of the protest, we must know that there are approximately 2,300 Solidarity factory committees which have either already begun the protest, or will do it very soon, or will soon decide the form of the protest. Due to the bad economic situation of some of the factories, a few are on an alternate strike. Education, health services, and the town's garbage removal firms will stop work for only two or three hours, because they do not want the region and the capital city to suffer the consequences of the protest. The public transportation sector and the Polish state railroads will stop work tomorrow [21 May]. The strike is indefinite. However, further forms of the protest will be decided on by the Regional Strike Commission, which will hold a session tomorrow at 1600 [1800 GMT]. [end recording]

The strike has also been supported by the Solidarity branch of telecommunications and of Polish radio and television.

#### **Walesa Meets With Solidarity Representatives**

*AU1905111993 Warsaw PAP in English 1854 GMT  
18 May 93*

[Text] Warsaw, May 18—President Lech Walesa today met with representatives of the coordinating bureau of the "Siec" (network) association of Solidarity factory commissions.

Chairman of the Solidarity commission at the Gdansk shipyard Jerzy Borobczyk said before the meeting that the bureau wants to hold a meeting with the convention of Sejm seniors.

"This Sejm (lower house) is no longer able to form a majority government, that is why the network is turning to the president to form a government of experts," said Borobczyk.

During the meeting, President Walesa assured the network's representatives that he will try to arrange a meeting with the Sejm convention.

"We have used up all arguments, let us speak about a concrete economic plan. You must prepare plans which have to be implemented, but in a way that they would not destroy too much," said the president, adding that "the nation must be told the truth, but also (it must be told) how problems should be solved."

Representatives of the bureau said the network plans to meet in Krakow on May 27 to present an economic programme for Poland.

"People do not want brawls," the president said, commenting on an earlier demonstration staged in front of the presidential palace. "Of course people are not satisfied with the way things are managed, problems which we face, this is all true. However no president nor any government is capable of finding immediate solutions because these problems, similar in all countries introducing reforms, do not have quick solutions," said the president.

Walesa stressed that the level of governing efficiency needs to be improved, starting from the president, through the parliament and the government.

Following the meeting, representatives of the coordinating bureau confirmed their conviction that there is a need for the setting up of a presidential government composed of experts as the "time of this government has passed." At the same time, they stressed that the network will support all decisions by Solidarity's National Commission.

Bureau member Zbigniew Sliwinski declined to give any names of possible candidates for a government proposed by the network, but added that presidential economic adviser Andrzej Olechowski, present at today's meeting, "made a good impression" on the network representatives.

#### **Anti-Walesa Demonstration Reported**

*AU1905112393 Warsaw PAP in English 1430 GMT  
18 May 93*

[Text] Warsaw, May 18—A few thousand people on Tuesday afternoon sang the national anthem outside the seat of the Polish president at the end of a "march to the Belvedere."

The protesters chanted "down with Walesa" and "long live Olszewski" and vowed to hold another demonstration on June 4, the first anniversary of the ousting of Jan Olszewski's government. No incidents were reported.

Earlier in the day, the protesters met at a rally at one of Warsaw's squares and distributed anti-Walesa leaflets in which they accused the president of "betraying the ideals of August 1980, cheating the society by not keeping the election promises and of being afraid of vetting." Then they protested outside the Sejm and Cabinet Office shouting anti-government slogans.

The demonstration was organized by the "Siec" network of workplace commissions of the Solidarity trade union and the Independent Students Association (NZS) of Warsaw University.

There have been conflicting reports on the number of protesters. According to the police estimates, there were not more than 1,500 people, while the organizers claim up to 5,000 persons turned up at the demonstration.

The Solidarity National Commission distanced itself from the strike organizers, "Siec", which operates within the framework of the Solidarity Warsaw regional chapter.

**Vacaroiu Discusses Finances, Property Funds**

AU1905111493 Bucharest *CURIERUL NATIONAL*  
in Romanian 15 May 93 pp 1, 5

[Second part of interview with Prime Minister Nicolae Vacaroiu by Adrian Vasilescu; place and date not given: "It Would Be Normal for the State Property Fund To Be Subordinated to the Government"]

[Text] [Vasilescu] Mr. Prime Minister, why is there still a delay in going ahead with the leu's full convertibility? Another question, please: Although the unification of the leu's exchange rates has been perceived (in the official documents) as adding up to partial (internal) convertibility, do you think that actual practice offers us too little proof of the fact that this threshold has actually been reached?

[Vacaroiu] One can achieve a convertible currency only if one has a competitive economy, capable of standing up to competition. It would be extremely dangerous to proceed to full convertibility, given the present crisis of the Romanian economy. Of course, we are striving toward a stage that confirms our passage to the market economy. Only then will we be able to declare the leu's full convertibility. However, that stage presupposes the creation of the market itself. It presupposes technology and high quality products comparable to those in the West—hence, as you can see, there are many targets yet to be achieved. A first step has already been made with the signing of these association accords with the European Community and the European Free Trade Association. However, in the next years we must make obvious progress in quite a few spheres to achieve this goal.

[Vasilescu] Do you also plan to make some progress in the privatization process?

[Vacaroiu] Of course, privatization will play an important role. By that I mean privatization in the true meaning of the word, that is with employers fully committed to solving their problems, not like ours who, instead of staying awake for 24 hours to do just that, are fighting each other at the enterprise's door to see who gets out first and gets home faster.

[Vasilescu] How does the government support the activity of the private sector? Do you agree that this sector is the first to suffer the shocks of the devaluation and depreciation of the national currency?

[Vacaroiu] There is no doubt that the private sector is strongly affected by the evolution of the exchange rate. However, if we take into consideration the fact that this sector is also registering a growth in the spheres of trade and tourism, our assessments should be more differentiated. More than 40,000 private companies are doing import-export operations. One could say that they are even profiting from the devaluation. This truth is also confirmed by statistics. Nevertheless, the private sector in industry is truly affected by the leu's devaluation—the same as the state-owned companies. The only difference is that, as far as the

latter sector is concerned, the population is supporting the consequences, not the enterprises.

[Vasilescu] At a certain point in the first part of this interview, you referred to the need to reduce imports. However, I recall a statement you made at your first news conference after your appointment, namely that Romania, aside from salt, is importing all the other raw materials. Would a reduction in imports be a blow to production?

[Vacaroiu] Of course, we cannot cut down on vital imports. Romania produces six million tonnes of crude oil per year, but we need at least another 10 million to ensure the functioning of the economy. If we managed to become competitive, we need not be scared of the matter of imports. The Japanese are importing all their raw materials and are doing very well indeed. We would fare the same (no matter how much we imported), if we managed to resolve several problems, such as: activating the scientific research activity; attracting foreign investors for the sake of reequipping our enterprises; and improving overall management, in view of the fact that we already have a well trained manpower. However, we will not accomplish anything if the large state-owned companies (as long as they are going to exist) do not become citadels within which a great battle for quality is being waged. But then, this cannot be accomplished without true competition.

[Vasilescu] What can the government do in this respect? In the new circumstances created by the current stage of the implementation of the Law on Privatization, what is the relationship between the executive power and the State Property Fund [FPS], which is the true owner of the largest part of the trade companies (70 percent), including in the large industry?

[Vacaroiu] I believe there are several difficult problems in this respect. Right now, there is a pretty fast ongoing process of transferring this 70 percent share of the capital of trade companies—which the FPS is entitled to, according to the law—from the Ministry of Finance to the FPS. The other part—30 percent—is also being transferred to the Private Property Funds. What comes next? Well, as far as the Private Property Funds are concerned, things are pretty clear: They will administer the joint wealth of the 15 million holders of property bonds. Things are becoming more complicated when we get to the FPS.

In my opinion, the current formula stipulated by law has proven to be an anti-economic one. It does not permit the government to function at full capacity. Let us take the sphere of privatization, for an example. According to the letter and spirit of the law, it would be normal for the government to stand aside and decline all prerogatives in this respect, intervening only through the National Privatization Agency and letting the FPS act alone. However, were we to proceed like that, the privatization

process would stagnate. The FPS should therefore be subordinated to the government.

[Vasilescu] That would probably require a rectification of the law...

[Vacaroiu] Life will prove that this is the only good solution. First of all, the FPS lacks the necessary strength to implement the entire program of restructuring the Romanian economy. Second, it requires a long period of time (which the FPS does not have) to set up a very strong apparatus and train its experts. If the FPS is subordinated to the government, it would be given the role of coordinating the entire process of restructuring and privatization. To this end, it could avail itself of the facilities of the various ministries, departments, and directorates to implement this program. As anybody can easily see, no concrete results can be really expected with the current formula in effect.

[Vasilescu] Do you believe that this new formula (with the FPS subordinated to the government, meaning that the executive power is authorized by law to assume the supreme role in running the privatization process) would be constitutional?

[Vacaroiu] The separation of the powers in the state is envisaged by law. But what happens in this sphere? The FPS' activity is an integral part of the executive power. The trouble is that, given FPS' current organization mode, one can only talk about a part of the executive power having separated itself from the... executive power. Of course, we tried to apply a cooperation formula, but the results were not the best. Moreover, one is confronted with several unnatural situations: The trade unions are fighting the government, although the FPS is the owner. What can the executive branch do if the FPS refuses to observe the understandings concluded between the government and the trade unions?

[Vasilescu] Right now, how can the government influence the activity of state-owned companies?

[Vacaroiu] We are primarily taking steps to strengthen financial discipline. The process we have started with a view to increasing the role of economic contracts among partners, regulating the introduction of hard currency in the country, and detecting the companies that register losses is part of the norms governing the market economy. It is obvious that we cannot neglect our country's specific problems. For instance, allowing a company to go bankrupt may be fatal if it affects an entire chain of production. It would practically mean the bankruptcy of several scores of other companies. However, we cannot leave alone the enterprises operating with losses. We must introduce a system of financial oversight. Maybe one should set up with a FPS a department in charge of operatively lending financial-managerial support, granting loans, and checking the production overstocks. In short, it should exert an efficient control over those companies that cause financial blockage. We hope to speedily identify the unprofitable

companies within the next 30 days, to select and examine them, and then place them under supervision.

[Vasilescu] This phenomenon of financial blockage actually reflects the state of our economy. However, the blockage is influenced by several factors. The largest "contribution" is made by those companies that still manufacture only for the inventory, without being able to sell their products, or have produced overstocks and did not honor their commitments to the customers. Hence the start of the chain. These companies will be isolated, meaning that they will cease to be a cause of blockage. At the same time, there are many other perturbing factors. The number of companies registering losses does not exceed 110-120. The others are all making profits. This means that there should be no blockages normally. Why then do they appear? The reason is lack of contract and financial discipline. In all countries with a market economy (which have already behind them the 40-50 years interval of building their market), the main instrument that facilitated competitive development was the contract, which stipulated very tough sanctions and most severe clauses from the creditors. We must achieve this climate in our country, too. Second, the blockage is also caused by lack of concern for tomorrow. There were quarrels between companies during negotiating sessions, wages were paid out without any work having been performed, and things became complicated. However, these companies can make profits, but their managers are mainly concerned with paying the personnel's salaries. What is happening here? A fortnight before payday, no bills are being paid anymore; money is being deposited in various accounts with different banks, so that no problems arise on payday.

Another blockage element is the disorganization prevailing in the banking system. Although some progress has been made and certain steps have been taken to create a banking system specific to the market economy, things are nevertheless moving slowly. The very fact that the banks are doing their transactions every two to three weeks is also complicating the matter. Therefore, there are all kinds of reasons and practices that cause this blockage. If we add to this the prevailing corruption and the emergence of those private companies that get their supplies from state companies, without having to pay for them, you can get a better picture of the causes of our most complex financial blockage. Likewise, we cannot eliminate this blockage overnight, because it bounces back very soon, due to these multiple phenomena that influence it.

[Vasilescu] You estimated that another price increase will come two months after 1 May [the date of subsidy cuts], with the introduction of the value-added tax [VAT]. What will the inflation rate be then?

[Vacaroiu] Let me assure you that, in my opinion VAT has been well-dimensioned and analyzed in the past two years, and its introduction has been properly prepared in all details. Therefore, it will lead to incomparably fewer price increases than the ones caused by the elimination

of subsidies. According to our calculations, prices should not go up by more than 5 percent on the average. Therefore, the VAT should be "absorbed" pretty fast, without making a particular impact on the people's living standard. At the same time, it will largely contribute (although not in a proportion of 100 percent) to eliminating the pest known as fiscal evasion. Unfortunately, to implement this mechanism, we need specialized personnel—we have some 5,000 vacant posts just for VAT collection. We are trying to make up for these vacant positions, which we did not manage to fill up, with the extra efforts of our financial apparatus experts, both in the provinces and at the level of the Ministry of Finance.

[Vasilescu] In the postwar years, particularly now in the nineties, the developed countries were faced with a choice between inflation and unemployment. What is going to be our government's policy: control of inflation or of unemployment?

[Vacaroiu] Both. We hope that the new laws passed by Parliament three to four months ago will be helpful, since they also deal with lowering the rate of inflation. I believe that, beginning with the last part of 1993, we will reach a moderate inflation, much under the two-figure one, namely of some 1 to 3 percent per month, after which we will have an inflation rate within normal limits. As a rule, if the yearly inflation does not exceed 10 percent, it does not provoke particular perturbations. Of course, a particularly important role is also played by the unemployment rate. The industrial production growth in the first four months has immediately led to a slight stagnation of the unemployment growth. This does not mean that the problem is solved. We are due to implement an industrial restructuring program that can lead to a slight increase in unemployment; at the same time, we must think of two countereffects. One is connected with stimulating small and medium-sized enterprises. Therefore, we must give incentives to private entrepreneurs and help them expand their operations. At the same time, we will have to support the service sector. We already have a number of large-scale investments in infrastructure, which will attract the manpower. I am referring to highways, roads, telecommunications, and so forth, where we will rely quite a lot on foreign financing.

[Vasilescu] How do you see the evolution of foreign capital investments in the coming years? We would also like you to comment on the belief that our bureaucracy is discouraging foreign capital and that the investors arriving here—many of them with the desire to stay—are leaving because it is very difficult to obtain information, are being asked for payoffs, and so forth.

[Vacaroiu] It is no so much the bureaucracy as the corruption that is the main obstacle. It is known that large companies do not offer bribes. Therefore, the important investors are leaving whenever they are asked for payoffs. It is necessary to stop this phenomenon and also make available all sources of information. The first

rule that we must introduce is linked to the revision of the entire mechanism of granting the investor certificates. If we continue to consider as foreign investors those people prepared to invest \$1,000 or even \$10,000, we will be invaded by all sorts of fourth or fifth-rate people, coming here for the sake of special business deals. We should consider as foreign investors only those people who come here to achieve something important in Romania, be it in the sphere of tourism or services. Second, we must introduce certain new ways of registering the companies. As you know, a company should observe certain rules. The normal procedure in all countries is that a company first has to obtain premises, after which it can register itself with the magistrate's office. We have reached a situation whereby we have 90 registered trade companies with the prefect's office as their declared seat. At this rate, we will wake up one day with several thousand phantom companies in Romania, that come here to engage in corruption or fiscal evasion.

We cannot say that we do not have a bureaucracy; it may even be too large. Unfortunately, it is partially affected by the proliferation of the phenomenon of corruption, that has acquired so much scope of late. We now feel the need to modernize ourselves and become more operative, particularly since we have registered an increase in foreign capital investments in the past two to three months, in Romania—which is also due to the government's foreign policy, the dynamism with which it takes action, and the intensification of contacts with the foreign investors, that is with the true ones. Indeed, the influx of foreign capital has increased, big companies have come to Romania and expressed the desire to stay.

[Vasilescu] What solution does the government see for the sale of the plots of land?

[Vacaroiu] This is a good question, albeit a very difficult one. Opinions differ in this matter. I looked at the issue of granting concessions... At the same time, we weighed up a formula for ownership rights over the industrial plots for certain projects that can attract serious investors, from \$100 million upward. We must find a way that takes into consideration our national interests. Were we to proceed differently—given the current circumstances of economic crisis and corruption—this would be a recipe for disaster. I believe we should simplify the procedure of granting long-term land concessions. There are other aspects that must also be examined and interpreted from a legal viewpoint.

[Vasilescu] Mr. Prime Minister, we would like you to answer a question not directly connected with economic matters. One evening during the government's confrontation with the trade unions, the television broadcast the Carmen opera around 2200 [1900 GMT]. The show lasted until after midnight. Around 0100, you appeared on the screen to clarify certain very important problems. How many viewers do you think were still up watching television at that time?

[Vacaroiu] Yes. This is not as unimportant as it looks. The government should normally have a television spot at peak time for answering questions. The people are directly interested in knowing how much longer they have to suffer and put up with this situation. When the Roman [former prime minister Petre Roman] team came, a certain image was projected, with people saying that Romania will become prosperous in two to three months or by the end of the year! People should realize that it takes some time to build a market economy. If we are going to work at the present pace, when all kinds of unjustified obstacles are being raised in our way, this process will last even longer. The transition to the market economy should proceed at a faster pace, but it also depends on how much capital we have domestically. Wishes are one thing, possibilities are quite another thing. Hungary began its transition to the market economy 15 years ago, and the state property continues to amount to more than 85 percent.

Privatization also presupposes a particular spirit of responsibility. In many countries those who were in charge of this process are being investigated and brought to trial. Other issues to be examined refer to ownership over capital. In our country, the companies were told that they are autonomous, after which all managers began to destroy the economy. This is how corruption started. First they stole 20 million lei, then 30 million, and so forth. There are other aspects connected with the process of a primitive accumulation of capital. We cannot continue like that, because the cost of the transition becomes unbearable. Of course, it would be good if we were able to openly discuss all these matters with the people on the television, but then it is not easy to find free spots at convenient hours.

[Vasilescu] There are quite a few people set on provoking a government crisis in Romania. Who do you think is afraid of Prime Minister Nicolae Vacaroiu?

[Vacaroiu] This is not so much a matter of fear, but rather of the struggle for power. Unfortunately, I am rather annoyed by the fact that the most active ones in this struggle are those who had already been in power and did nothing much there, other than create all kinds of problems in the country. As for corroborated criticism from experts, I am always prepared to accept that. Regarding my position as prime minister, I accepted it to achieve something in Romania. I am less interested in the position as such. If I ever feel overtaken by events, I will withdraw from my position without waiting for others to put pressure on me.

[Vasilescu] Thank you, Mr. Prime Minister.

#### **Foreign Ministry on Detention of Ukrainian Ships**

*AU1905201493 Bucharest ROMPRES in English 1421 GMT 19 May 93*

[Text] Bucharest ROMPRES, 19/5/1993—The spokesman for the Romanian Foreign Ministry, Mircea Geoana, told a Wednesday, May 19, news conference,

that Ukrainian ships had not been impounded without reason in Romanian Danube ports before the adoption of Resolution 820 by the UN Security Council, as said a verbal note addressed to the Romanian Ministry of Foreign Affairs by the Ukrainian Ministry of Foreign Affairs. There were problems as far as iron ore supply from Ukraine were concerned, and the ships were stopped following instructions from EC/CSCE observers, added Mircea Geoana. The Romanian party took immediate action to clear up the situation and until an official decision was made by the Committee 724 a procedure had been agreed on allowing the convoys to leave, one by one, towards their destination.

To avoid such problems, Romania asked Ukraine not to allow ships to be loaded until Committee 724 allows transport so that the ships' documents correspond to UN indications. Despite that, Ukrainian vessels continued to enter the Romanian port of Galati, without the said documents. Moreover, certain Ukrainian ships infringed on the embargo against Yugoslavia, mentioned the Foreign Ministry spokesman.

Romania, Ukraine, the other countries members of the United Nations must observe the resolutions of the Security Council, added Mircea Geoana.

Mircea Geoana, spokesman for the Romanian Ministry of External Affairs, also said that the minister of communications of Kuwait, the special envoy of the Amir of Kuwait, Habib Jawhar Hayat, would come to Bucharest on May 20 to hand a message to President Iliescu.

The spokesman for the Foreign Ministry informed the press that Guy Spitaels, minister president of the Walloon Government of Belgium will attend a meeting of the "East-West Committee" of the "Assembly of European Regions," to be held on May 21 at Deva. The participants will debate important issues related to East-West ties, concerning especially the access of East European countries to "PHARE," "Ouverture" and World Bank and IBRD programmes. The Belgian guest will meet Premier Vacaroiu, other Romanian dignitaries.

A second round of negotiations at the level of experts is going on in Brussels on the text of a "Political Declaration on Friendship and Cooperation Relations Between Romania and Belgium."

A delegation made up of the Romanian foreign minister, Teodor Melescanu, and the minister of national defence, Nicolae Spiroiu, will attend in Rome on May 19-20 the proceedings of the WEU [West European Union] Council of Ministers and the WEO [West European Organization] Forum for consultations with Central European partners.

Minister Melescanu will meet on this occasion his Italian counterpart, Beniamino Andreatta.

A delegation of the Steering Board of the French Association for the Atlantic Community has been paying a visit to Romania over May 19-21, announced Mircea

Geoana further. The French delegation met with Constantin Ene, secretary of state in the Romanian Ministry of External Affairs, Ioan Mircea Pascu, secretary of state in the Ministry of National Defence, Senator Radu Timofte, who chairs the Defence Commission of the Romanian Senate. Issues were tackled regarding the strengthening of security in Europe and in our geographic area, the role of economic and security structures in this process.

Adrian Dohotaru, secretary of state in the Foreign Ministry will pay a visit to Israel over May 29-June 3. The main objective in view will be to make demarches for the creation of a Romanian and Romania-born businessmen forum on "business opportunities and contacts with Romanian institutions and firms," that should be held in Bucharest on the occasion of the 1993 International Trade Fair. The Romanian dignitary will have talks at the Israeli Foreign Ministry on press and culture relations, will meet leaders of the organisation of Romania-born Jews and of the Israel-Romania Friendship Association.

#### **IAEA Experts Report 'Progress' in Safety**

*AU1805134893 Bucharest ROMPRES in English  
1133 GMT 18 May 93*

[Text] Bucharest ROMPRES, 18/5/1993—There is a commitment to attain a high level of nuclear safety and a wish to make things ever better at the Cernavoda nuclear electric power plant in south-eastern Romania, assesses an International Atomic Energy Agency [IAEA] team of appraisal of nuclear safety in pre-operational stages, that has visited Cernavoda over April 26 - May 14.

The mission experts say the general results of the analysis are indicative of the fact that managers at Cernavoda plan actions toward an overall improvement of the activity and toward securing acceptable levels of safety with the nuclear electric power plant. The team of experts noted tangible progress marked since their visit in 1991, in the construction of the station and also an improvement of the personnel's activity.

Participating in the mission were experts from Brazil, France, Germany, Britain, Pakistan, U.S.A., Hungary, four IAEA staff members, and a Bulgarian observer.

**Bosnian Serb Assembly Announces Referendum Results**

*AU2005085793 Belgrade Radio Beograd Network in Serbo-Croatian 0732 GMT 20 May 93*

[Text] Results of the referendum were announced and the declaration on the (?continuation) of the peace process was adopted at the meeting of the assembly of the Serbian republic in Pale last night. Slobodan Kovacevic reports:

[Begin recording] [Kovacevic] Out of 1,277,000 registered voters—these are official data announced at the assembly session—1,103,000 citizens, 92 percent, voted at the recent referendum. Ninety-six percent of the voters voted against the Vance-Owen plan for the former Bosnia-Herzegovina. Only 35,212, or 4 percent, voted in favor of accepting the plan. The response to the question on the status of the Serbian republic was also almost unanimous: Ninety-six percent of the citizens confirmed their support for an independent Serbian republic. The voting was also organized in 14 communes in Serbia and Montenegro, as well as in Germany, Switzerland, the United States, and Australia. In those countries as well, a huge percentage of voters voted against accepting the Vance-Owen plan.

Assessing that peace negotiations can only be held after the hostilities are stopped and a lasting truce is established—of course, with the people's right to self-determination—the delegates of the assembly of the Serbian republic yesterday adopted a declaration on continuing the peace process. Among other things, the declaration says that the Serbian republic is ready to cease its military operations of all armed forces and establish a truce in conformity with the cease-fire agreements reached with the other sides. The Serbian republic also advocates a continuation of the peace process.

The result of the referendum does not mean that the door to negotiations has been closed. Dr. Nikola Koljevic, vice president of the Serbian republic:

[Koljevic] It seems to me that not only has the door not been shut, but that something else may come out of this that could be considered acceleration—that is, speeding up. If, on one hand, the refusal of the Vance-Owen plan led to a dramatic turnabout, I must say that it is my impression that it has also made a huge number of people in the world aware that this is not a solution and that some other solution must be sought and, third, that before finding a solution, one must establish peace. [end recording]

**Assembly Issues Peace Declaration**

*LD1905170593 Pale Radio-Televizija Republike Srpske Studio-S Radio in Serbo-Croatian 1510 GMT 19 May 93*

[“Final version” of a “Draft Declaration on the Peace Process” read at a 19 May session of the Serb People's Assembly held in Pale by Assembly President Momcilo Krajisnik]

[Text] Respecting the need to end the political, ethnic and religious conflicts between the three nations, and the civil war in former Bosnia-Herzegovina, by finding a permanent and stable political solution, and thus end the suffering of the civilians;

believing that normal and organized life can be based only on the nations' right to self-determination, on the basis of which every nation has the right to determine its own political status and economic, social, and political development;

assessing that peace processes can be conducted successfully only after hostilities are halted and a lasting cease-fire is established;

taking into consideration the factual situation in the Serb republic [in Bosnia-Herzegovina], the results of the referendum that has just been held, and the fact that the Vance-Owen plan has not been accepted;

and considering the course of the peace process so far;

on the basis of Article 70, Item 1, Paragraph 2 of the Serb republic constitution, at its session held on 19 May 1993, the people's assembly of the Serb republic passes a declaration on the continuation of the peace process.

1. The Serb republic has halted all military activities by its armed forces, and is ready to establish permanent peace in accordance with the agreements on a cease-fire signed with the other sides in the conflict.

2. The Serb republic is in favor of the continuation of the peace process, and it expresses its readiness to launch peace initiatives. It calls on all eminent personalities from the international political scene to take an active part in solving the crisis and the war conflict in former Bosnia-Herzegovina by suggesting new peace proposals and solutions.

3. All central and local bodies of the Serb republic will actively and with good intentions work on the continuation and further development of the peace process.

The people's assembly has authorized its delegation to take part in future peace negotiations as a representative of the Serb republic.

This declaration comes into effect on the day of its adoption

[Signed] Momcilo Krajisnik, president of the people's assembly.

**Karadzic Addresses Assembly**

*LD1905172393 Pale Radio-Televizija Republike Srpske Studio-S Radio in Serbo-Croatian 1427 GMT 19 May 93*

[Address by Radovan Karadzic, president of Serb republic in Bosnia-Herzegovina, to Serb assembly in Pale—live]

[Text] Mr. President, honorable assembly, Mr. General, dear guests, it seems to me that this [referendum] act winds up one stage of our struggle, that all difficulties and dilemmas in the decision-making on the fate of our nation have been resolved in the best, most authoritative, the most democratic way through the decision reached by the people themselves. I believe that conditions have now become ripe for us to say in the face of the world that the Serb people have decided thus, and not that its leaders, as extreme elements, are leading the nation where it would not like to be. It is now perfectly clear that the Serb nation in the Serb republic is completely resolute in its determination to take its own fate into its own hands.

I must also mention the citizens of the Serb republic and express my gratitude to the Muslims and Croats who live in our republic and who voted in the referendum, exercising their right to a secret vote. We owe them our gratitude. From this rostrum I want to invite them to further participate in our country's political life and assure them from this rostrum, the assembly rostrum, that this assembly, this government and the presidents and vice president will do everything to guarantee and protect all their rights along the same lines that all minority rights are protected in the most liberal constitutions in Europe and the world.

Hence, this decision and their participation in this referendum opens [words indistinct] of minority rights in the Serb republic, and we solemnly declare, before any admission to international organizations, and not regarding our application for admission to international organizations but regarding this fortunate event, this referendum, and regarding our decision, that we will do everything to make our constitution liberal as regards minority rights as well as human rights [sentence as heard].

We still face international negotiations. The peace plan has been rejected because it is divorced from reality and because its maps are catastrophic. Nor are its constitutional principles much better. We have defended ourselves from the bad consequences of the constitutional principles, but we have had no defense against the maps. The peace process is not dead. We say, the peace plan is dead, long live the peace process. The peace process is under way. The commander of our general staff has signed two cease-fires, one with the Muslims and the other with the Croats. We have not fought the Croats for over two months. The cease-fire with the Muslims has been observed for over 10 days; it has, more or less, been honored except for some incidents. The Serb republic is not at war.

Within our borders there is no war. Peace reigns [words indistinct]. Incidents by extremists are few and far between. The Serb republic is not at war with others either. There is peace along our borders, except for the odd brief incident. [passage indistinct]

The Serb people will never and under no conditions give up the Serb republic and they should announce this to the whole world. [applause] It has never before happened

that a nation—without a considerable amount of force, without a considerable amount of force being used to subjugate it—has renounced its own state, its statehood, and its state, national, and democratic institutions. We have come to a conclusion in the course of this difficult struggle and in the face of dilemmas concerning the Vance-Owen plan that the most dangerous weapons and the most lethal bomb which could be used against us would be the abolition of our institutions. The Serbs cannot live without their institutions. The absence of institutions results in chaos and the Serbs cannot cope with chaos and do not wish to face chaos.

For this reason, my message from this platform to everyone is that we are prepared (?to consider) this peace process and all parts of it which can be applied. We are ready to take part in it and to apply it. Those parts which cannot be applied and which our people rejected will not be applied. We are also prepared to consider all other peace initiatives. There can be no confusion about one thing: The Serb people did not vote in favor of war. We thus call on all those who can contribute toward peace—politicians at home and abroad, working and retired, all those who can come up with fresh ideas—to present new peace initiatives.

In the name of all this may I congratulate this assembly on its political performance, both heroic and wise, in guiding our people. May I also congratulate it on the results of the referendum and propose that we adopt a draft document—a declaration on the continuation of the peace process. Many thanks to all of you—we will continue to live and work together. [applause]

#### **Serbs 'Ready To Accept Some Parts' of Vance-Owen**

*LD1905163293 Belgrade TANJUG in English  
1439 GMT 19 May 93*

[Text] Jagodina, May 19 (TANJUG)—President of the assembly of the Serb republic [in Bosnia-Herzegovina] Momcilo Krajisnik said on Wednesday [19 May] that Bosnian Serbs were absolutely for peace, but that the 'Vance-Owen plan for Bosnia-Herzegovina is not conducive to peace, but only serves to stoke war, which is now evident from the fighting between Croats and Moslems, who both signed the plan.'

Bosnian Moslems and Croats, until recently allies in their battle against Bosnian Serbs, started to wage war on each other after they signed the Vance-Owen plan two months ago for power in territories with mixed Moslem-Croat populations.

In an interview to the local radio station in Jagodina in central Serbia, Krajisnik said that Bosnian Serbs, despite the fact that they rejected the Vance-Owen plan at a referendum on May 15 and 16, were ready to accept some parts of the plan which could be built into some future peace plan.

The Bosnian Serb Assembly president expressed regret that the international community, in its insistence on the acceptance of the entire Vance-Owen plan, had run the risk of everything being rejected, even some elements of the plan which would have been accepted.

Krajisnik said that the acceptance of the Vance-Owen plan in its entirety would be 'a kind of capitulation of the Serb people in the Serb republic...(because) the Serb republic would be abolished, and the Serb people placed in Bosnia-Herzegovina's ghetto.'

Asked to comment on reports that western countries consider the Bosnian Serbs' referendum invalid, Krajisnik said that these countries were thus actually denying the right of the Serb people to self-determination, but that they were avoiding to say this openly.

Krajisnik said, in closing, that the Bosnian Serb parliament would appeal to the warring sides in Bosnia-Herzegovina for an unconditional ceasefire, the establishment of political dialogue and the resolving of all controversial questions. This will be done at the session due to take place on Wednesday afternoon, he said.

#### **Karadzic Vows To Preserve Serbian Republic**

*AU1905195193 Belgrade Radio Beograd Network in Serbo-Croatian 1700 GMT 19 May 93*

["Excerpts" from interviews with Bosnian Serb republic president Radovan Karadzic and Serb republic assembly chairman Momcilo Krajisnik by unidentified reporters in Pale on 19 May—recorded]

[Text] [Karadzic] We will do everything we can to establish peace and we will take part in all peace processes. This plan naturally cannot be applied to us, because we would not allow the presence of foreign troops on our territory, that is, they cannot arrive here through our signature. They can only arrive here if they defeat us, that is to say, they have to carry out an aggression against us first, and they cannot get a signature for this.

Therefore, we will defend the Serb republic because this is the will of the people. We will preserve it in one piece. Therefore, the three provinces can no longer be discussed, but anything else can. We have faced pressure to pass a declaration on independence today. A draft declaration patterned after the American Declaration of Independence has been compiled, but we do not wish to prejudice further political talks concerning the fate of Bosnia-Herzegovina. I believe that if this is making the job of the international community easier, and if they really want to preserve Bosnia-Herzegovina in some form, we would be willing to accept a confederation with the Croatian and Muslim state units in the former Bosnia-Herzegovina, although, to be honest, I believe that the Croats and the Serbs are seeking their independent states with the right to link themselves further to their mother countries. However, we do not wish to close all the doors. Our goal has been achieved. We want to protect our identity and personality in the former Bosnia-Herzegovina, and that is what the Serbian republic is doing.

It provides a good framework for complete protection of our interests, through confederation, independence, or linkage with the Serbian territories.

[Krajisnik] The declaration is still being discussed. Our deputies are not exactly happy with Mr. Gorbachev, as they believe that someone who has created countries and not someone who has destroyed them should be considered.

[Unidentified reporter] In the meantime, however, while we were working...

[Krajisnik, interrupting] Yes, yes. Let me give you the latest information that has been discussed in the meantime. Regarding Mr. Kissinger, it has been agreed that he should definitely play the role of a mediator. It is normal to (?scrutinize) all those important figures who wish to take part in this peace process and this initiative.

#### **Croat-Muslim Cease-Fire 'Seriously Violated'**

*LD1905185893 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 19 May 93*

[Report by Zdenko Vranjes from Mostar]

[Text] Yesterday's agreement to end hostilities between Croats and Muslims has been seriously violated in the Konjic area. Muslim forces launched a fierce infantry assault on the Croat villages of Zaslavlje and Zabrdje near Konjic this afternoon.

The situation is most difficult in the village of Vrci, which Muslim units have been destroying in a fierce infantry and artillery attack throughout the day. Most of the village is already in Muslim hands. Houses are being plundered and set ablaze. Muslim forces have threatened to kill all civilians unless the village surrenders before the nightfall. They are also calling on defenders to surrender from a vehicle painted with UN Protection Force [UNPROFOR] insignia.

The general staff of the Croat Defense Council [HVO] informed UNPROFOR about this abuse of UN insignia and about fresh attacks on Croat villages.

Mostar is mainly quiet tonight, with only sporadic Muslim provocations.

General Morillon, UNPROFOR commander for Bosnia-Herzegovina, and top military officials of the HVO, the Bosnia-Herzegovina Army, and the Spanish UNPROFOR battalion are touring all prisons in the town in order to release all detained civilians as soon as this evening. This was agreed today at a joint meeting in Medjugorje. The meeting also decided that the Croat and Muslim sides should nominate 12 policemen who would patrol the so-called blue road leading from the [Bosnia] border with the Republic of Croatia to Sarajevo. They would be joined by 12 policemen from the UNPROFOR civilian department.

### **Muslim-Croat Fighting Reported Near Vitez**

*LD1905163493 Zagreb Radio Croatia Network  
in Serbo-Croatian 1300 GMT 19 May 93*

[Text] Muslim forces launched an infantry weapons and mortar attack on positions held by the Croatian Defense Council [HVO] in the Vitez area last night. One HVO soldier lost his life and two others were wounded in a strong Muslim attack on the hamlet of Divljak. The Croat, Serb, and Romany population of Kruscica, dissatisfied with the conduct and activities of the UN Protection Force [UNPROFOR], blocked the road to prevent UNPROFOR vehicles from going to the part of the village populated by Muslims. The inhabitants of Kruscica say they suspect that UNPROFOR is transporting not only food but also arms and ammunition for Muslim forces.

### **Croats Say Tension Persists in Travnik Area**

*LD1905211893 Zagreb Radio Croatia Network  
in Serbo-Croatian 2000 GMT 19 May 93*

[Text] At around 1200 today, under the pretext of arresting criminals, military police units belonging to four brigades of the Bosnia-Herzegovina Army surrounded the only two remaining institutions of the Croat people in Travnik—the regional police of the Croat Defense Council [HVO] and the HVO Command. Following a sharp warning by the HVO Travnik Command, the Muslim units have withdrawn.

According to the HVO Frankopan Brigade, last night and today's attack launched on the Travnik area by Muslim forces from Zenica was successfully repelled.

For this reason a meeting between HVO and Bosnia-Herzegovina Army commands under UNPROFOR [UN Protection Force] auspices was convened for today in the border area between the Travnik and Zenica spheres of responsibility.

### **Clashes Continue in Mostar Area, Around Travnik**

*LD1905215693 Belgrade TANJUG in English  
2050 GMT 19 May 93*

["Pool" item]

[Text] Belgrade, May 19 (TANJUG)—Clashes between Muslims and Croats in central Bosnia and in the (?area of) Mostar, western Herzegovina, continued on Wednesday [19 May] despite Tuesday's ceasefire agreement signed by both sides.

Muslim forces on Wednesday opened mortar fire on the Croat-controlled right bank of the River Neretva in Mostar, reported Croatian radio. It also reported heavy small arms fire.

Bosnian Muslim [word indistinct] Croat leaders Alija Izetbegovic and Mate Boban agreed at a meeting in Medjugorje on Tuesday to stop the fighting in Mostar, send their troops

back to army barracks and start preparations for the implementation of the peace plan for Bosnia. The meeting was held in the presence of international mediators Lord David Owen and Thorvald Stoltenberg.

Commander of the United Nations peacekeepers (UNPROFOR) in the former Yugoslav Republic of Bosnia-Herzegovina General Philippe Morillon on Wednesday visited Mostar to supervise the release of civilians who had been taken prisoners by Croats and Muslims during their recent clashes in the town, news agencies quoted UNPROFOR sources as saying.

The headquarters of the Bosnian Croat forces (HVO) said in a statement that 'all Muslim prisoners have been released while the Muslim side has not released a single Croat,' reported the French news agency AFP.

The [word indistinct] claimed that the Muslim forces held in captivity hundreds of Croat civilians.

Bosnian Muslim forces on Wednesday opened artillery fire on HVO positions in a part of the municipality of Travnik in central Bosnia, said Croatian radio adding that it was followed by a strong Muslim infantry attack.

Several villages in the area of Travnik are now surrounded by Muslim forces, said the radio.

The villagers of Kruscica (Croats, Serbs and gypsies), dissatisfied with UNPROFOR's activities, blocked an UNPROFOR convoy on a road leading to Muslim villages in the area, said the radio. The villagers suspected that UNPROFOR was transporting arms and ammunition to the Muslim side along with food.

### **Overnight Calm in Mostar, Army Commanders To Meet**

*LD2005090693 Zagreb Radio Croatia Network  
in Serbo-Croatian 0800 GMT 20 May 93*

[Report by correspondent Slavko Rako from Mostar]

[Text] Last night was relatively calm in Mostar, with provocations by Muslim snipers who fired at buildings on the right bank of the Neretva river and the Tihomir Mistic barracks of the Croatian Defense Council [HVO], the command of the southeastern Herzegovina operational zone reports. Calm is reigning in the early morning hours, broken only by an occasional shots from infantry weapons.

A meeting is expected to be held in Mostar today between the military commanders, General Milivoj Petkovic, chief of general staff of the HVO, and General Sefer Halilovic, commander of the Muslim army in Bosnia-Herzegovina. The meeting will also be attended by French General Philippe Morillon, commander of the UN Protection Force [UNPROFOR] units in Bosnia-Herzegovina. Agreement was reached yesterday on the meeting's agenda—the exchange of prisoners and the accommodation of refugees and displaced civilians in the town, the withdrawal of Muslim army units to facilities on the left bank of the Neretva river, and the deployment of regular police forces in town. This

meeting was supposed to be held last night, but representatives of the Muslim forces failed to show up.

As was learned at the command of the southeastern Herzegovina operational zone, members of the HVO last night released the last civilian held prisoner at the Heliodrome barracks.

#### **UNHCR: Croats, Muslims Continue Ethnic Cleansing in Mostar**

*AU2005102993 Paris AFP in English 1017 GMT 20 May 93*

[Text] Sarajevo, May 20 (AFP)—Ethnic cleansing between Croats and Moslems is continuing behind the front lines in the southern Bosnian city of Mostar, a spokesman for the U.N. High Commissioner for Refugees (UNHCR) said Thursday [20 May].

"People (in Mostar) have been terrorised, forced out of their homes and it's a great concern to the UNHCR," said spokesman John McMillan, citing observations by a U.N. colleague, Peter Kessler, who visited Mostar Wednesday.

"Kessler reported that people were seen wandering in the streets with their baggage, nowhere to go, having been forced out of their homes," McMillan said. "Most of these people could be displaced persons from other areas, who have apparently taken up residence in some abandoned apartments and have now been forced out" by Croatian troops.

"Most of the ethnic cleansing is being done by the Croats," said McMillan. But "there is evidence of Croats being forced out of the Muslim area in Mostar also.

"It does not matter who is doing it, it's a matter of great concern to UNHCR that people are being denied their basic rights as human beings."

General Philippe Morillon, the commander of U.N. forces in Bosnia, arrived in Mostar Wednesday to meet with Croatian and Moslem leader about a ceasefire agreement signed a day earlier.

The agreement, which went into effect at midday (1000 GMT) Wednesday, calls for battling Croatian and Moslem troops in the region to cease hostilities and begin enforcing the Vance-Owen peace plan in areas under their control.

According to the agreement, Moslem and Croat forces fighting for control of Mostar were to begin withdrawing to their barracks immediately after the ceasefire took effect. Three hours later, police patrols made up of Moslem, Croatian and U.N. troops were to begin supervising U.N.-protected corridors in the region.

U.N. military observers were also to supervise the release of civilian prisoners.

In other developments, McMillan said a UNHCR convoy carrying relief supplies on Wednesday reached

the Moslem enclave of Zepa, located in eastern Bosnia. Two other convoys were expected Thursday in the nearby enclaves of Gorazde and Srebrenica, he said.

#### **Sarajevo Radio Reports Croatian, Serbian Shelling of Konjic**

*AU1905190393*

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1700 GMT carries the following reports on tensions between the Bosnia-Herzegovina Army and the Croatian Defense Council [HVO]:

A dispatch by the Mostar press center reports a visit by General Morillon, commander of the UN Protection Force for Bosnia-Herzegovina, and UN General (?Prado) to the town. They reportedly met with General Sefer Halilovic, commander of the Bosnia-Herzegovina Army, and commander of the (?the artillery corps) Aris Pasalic. It is reported that they "discussed the implementation of the Medjugorje agreement, that is, the formation of the joint operative center of the Bosnia-Herzegovina Army, the HVO, [words indistinct] of Bosnia-Herzegovina, the Herzeg-Bosnia police, and UNPROFOR [UN Protection Force]." The report says "this center was supposed to have started operations at 1600 today," but the opening is delayed because of "sporadic fire." It is reported that Morillon "insisted that the center start to work this evening," which the Bosnia-Herzegovina Army has agreed to. The dispatch also reports that Halilovic "insisted on opening the blue corridor through the Neretva valley for humanitarian convoys as soon as possible." The report states that General (?Prado) will remain in Mostar and says "the afternoon in this town is much more peaceful than during previous days."

"The HVO forces, together with the Serbo-Montenegrin aggressor, have shelled Konjic and its suburbs," says Konjic correspondent Edhem Badzak. He reports that shelling escalated in the afternoon and caused considerable material damage, but resulted in no casualties. Badzak reports continued combat "at the time of this dispatch, which is 1720."

A Gornji Vakuf correspondent says that "the agreement between the Bosnia-Herzegovina Army and the HVO is being observed to a great extent." He only reports "minor incidents." "All prisoners on both sides have been released today," he adds.

#### **Serbian Attacks on Maglaj, Brcko Reported**

*AU2005104893*

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 0800 GMT on 20 May within its regular 15-minute newscast carries several reports on the situation in the republic.

In his report from Maglaj, Hajrudin Sermic says that "after a short lull, the chetniks continued to destroy houses and other civilian targets in the town region and

the suburbs," and that "as of 1800 an intensive fire has been opened on the town from anti-aircraft guns, anti-aircraft machine guns, and a (?PM-84). Around midnight, (?howitzer) shells were destroying what little is left in Maglaj. As I report, shells are still falling."

Hamid Deronjic and Nihad Salihovic report from Brcko that "Serbo-chetnik troops regrouped on the Brcko battlefield again last night" and that "the aggressor is currently pounding the Brcko outskirts from the largest caliber mortars. The enemy was hitting the front defense lines with fierce Broving fire from Suljagica Sokak. He was firing 82 and 120-mm mortar bombs at the entire Licki Most region. Serbo-chetniks were hitting (?Bukovac) with 82 and 120-mm mortar bombs and the fierce artillery fire of the same caliber opened at Dizdarsa was occasionally supported by a tank from the direction of Darinkina (?Gruda)." Finally, the report says that "early morning hours are passing with occasional shelling of Licki Most, Rijeke, Dizdarsa, and Omerbegovaca. Fire from Praga and anti-aircraft machine guns is being opened on Bajici."

The Information Service of the Second Corps Third Operation Group reports from Kladanj on "provocations that chetniks are carrying out from Sekovici commune, particularly from the wider region of Trnovo" and says that "at 0715 this morning, an 82-mm mortar launched several bombs at Prijevor, where sowers of death have been active the whole time."

The Information Center of the Gradacac Commune War Presidency reports that "it was mostly calm in Gradacac yesterday. There were some minor infantry provocations in some defense sectors last night but without any shelling. Reconnaissance reports confirm that the aggressor is violating the resolution on the no-fly ban over Bosnia-Herzegovina. Around 2330 last night, three helicopters were registered flying along the Brcko-Pelagicevo-Bosanski Samac line. One of them landed in Mijatovici."

A studio announcer says that "it is relatively calm in Zepa with constant provocations by long-range artillery and individual attempts at infantry breakthroughs, particularly in the direction of Han Pijesak."

A studio announcer says that "a deceptive peace reigns in Sarajevo this morning. After 0900, however, the enemy began operating with a death sower in the (?Sedrenik) region and [word indistinct] provocations at the outskirts of the commune. Infantry fire was occasionally opened in the Novo Sarajevo commune."

A studio announcer says that "Sarajevo has had no water since yesterday" and that "only the Hrid region has water."

#### **Serbs Say Cease-Fire With Muslims Holding**

*LD1905175593 Belgrade TANJUG in English  
1636 GMT 19 May 93*

[Text] Belgrade, May 19 (TANJUG)—No major violations of the cease-fire agreement between Bosnian Serb and

Moslem troops, which took effect at the beginning of May, were reported on most of the fronts in Bosnia-Herzegovina by early afternoon on Wednesday [19 May].

The cease-fire was mainly respected in Western Bosnia, TANJUG reports from Banja Luka, quoting the local military authorities.

It was more quiet in the Northern Bosnia region of Doboj and the mountain of Ozren on Wednesday than during previous days when most cease-fire violations took place in that region, the Banja Luka sources report.

The Moslem troops attempted an infantry attack in the region of Doboj, firing at Bosnian Serb positions near the village of Pridjel, south of Doboj, with mortars and heavy machineguns, the TANJUG correspondent from Doboj reports.

The military authorities in Bileca report that the situation on the whole Herzegovina front was mainly quiet on Wednesday morning and the night before.

Moslems opened fire at Serb positions from light 18 mm rocket-launchers in the region of Foca, while Croat troops near Trebinje in east Herzegovina launched provocations at Serbs using infantry weapons.

On the Sarajevo front, Moslems intensified military operations on the night between Tuesday and Wednesday, the Bosnian Serbs' news agency SRNA reports.

#### **Serb Forces Allegedly Fire at NATO Aircraft**

*AU1905180593 Sarajevo Radio Bosnia-Herzegovina  
Network in Serbo-Croatian 1700 GMT 19 May 93*

[Text] The aggressor formations [words indistinct] at 1930 (?last night) opened fire on the NATO aircraft taking part in the deny-flight operation, [words indistinct] has reported.

A burst of fire from an anti-aircraft gun was directed at the aircraft patrolling the Pale-Kiseljak route. The 30 shells fired failed to hit the target. The representatives of the Bosnia-Herzegovina [word indistinct] were initially not willing to report this information, although the UN military observers are deployed in this area.

#### **TANJUG Reports Izetbegovic Asks UN To Withdraw Troops**

*LD1905011393 Belgrade TANJUG in English  
2239 GMT 19 May 93*

["Pool" item]

[Text] New York, May 19 (TANJUG)—Bosnian Moslem leader Alija Izetbegovic on Wednesday [19 May] asked the U.N. Security Council to withdraw U.N. peacekeepers from the war-torn former Yugoslav Republic of Bosnia-Herzegovina.

Izetbegovic, who heads the rump Bosnian Presidency where the local Serbs and Croats are not legally represented, made his demand in a letter to the president of the Security Council, which was his contribution to a debate on lifting the U.N. arms sales embargo to former Yugoslavia in favour of Bosnia's Moslems and undertake foreign military action in Bosnia [words indistinct]

A removal of the U.N. troops from Bosnia would eliminate fear for their lives, which is holding up military intervention, said Izetbegovic.

He said that, if the blue berets could not be pulled out, they should at least be transferred to places of safety, in order that foreign military intervention might begin.

#### **Milovanovic Repeats Warning on Attacking Foreign Capitals**

*LD1905205593 Belgrade TANJUG Domestic Service in Serbo-Croatian 1535 GMT 19 May 93*

[Text] Sekovici, 19 May (TANJUG)—Serbs in Bosnia will never accept the Drina River as their border, and there is no place on planet Earth for anyone thinking differently, the chief of General Staff of the Army of the Serb republic, General Manojlo Milovanovic said in Sekovici on the occasion of the first anniversary of the 1st Birac Brigade of the Serb republic army.

In his address to the soldiers and people, Gen. Milovanovic said the following about the outcome of the recent referendum in the Serb republic: "The Serbian people have marked out our path by saying at the referendum: All Serbs should be free on their territories."

"There is no politician, no military commander, no international institution which could give a different order to the Serb republic army. We will continue as long as there are Serbs on the planet who are not equal with all other citizens of the world," Gen. Milovanovic said, and called on Serbs to unite.

In his speech, 1st Birac Brigade Commander Lieutenant Colonel Svetozar Andric, the commander of a unit which lost 159 soldiers in the war, but which defended the Serbian territory, recalled the times of suffering and struggle, but he especially urged unity among all Serbs.

Following his official visit to Sekovici, Milovanovic replied negatively when asked by journalists if General Mladic expressed his personal view when he made his statement about possible attacks on world capitals.

"Gen. Mladic does not express his personal views. This is a view of the General Staff. We have no other choice," Milovanovic explained.

After being reminded that Serb republic president Radovan Karadzic sharply criticized Mladic's statement, Gen. Milovanovic categorically said that there is no rift between the military and state leadership of the Serb republic. "The whole world knows that we cannot reach London or New York with our aircraft, but we

have Serbs in London, New York, Australia, and wherever they are needed," Gen. Milovanovic said.

#### **Croatian Community Pledges Support for Peace Plan**

*LD1905194793 Zagreb Radio Croatia Network in Serbo-Croatian 1700 GMT 19 May 93*

[Text] At its session today, the Croatian Defense Council [HVO] of the Croatian community of Herceg-Bosna supported the stands and decisions made at yesterday's session in Medjugorje, held at the initiative of Franjo Tudjman, president of the Republic of Croatia, following the latest current military and security situation in Bosnia-Herzegovina as well as the implementation of the Vance-Owen peace plan.

As the Information Office of the HVO of the Croatian community reports, the council has fully acknowledged the Croatian side's obligations and specified its tasks regarding implementation of the cease-fire in Mostar and other areas where there are still clashes between Muslim and Croatian armed formations. Its obligations have also been considered regarding the introduction of a central government in Sarajevo and authorities in the provinces.

It is stressed that the Muslim side is also expected to fully contribute to implementation of the signed agreement and to the fundamental document of the Vance-Owen plan in keeping with the obligations it assumed in Medjugorje. The council has concluded that the hitherto organizational and legislative activities of the HVO of the Croatian community of Herceg-Bosna, particularly in the sphere of organizing a defense against the Serbian aggressor, as well as in the sphere of the financial, legal, and administrative system in wartime conditions or in a state of war, is an important foundation for organization of future relations in the provinces. The Muslim side is expected to enlist its full and effective cooperation in the establishment of local and provincial organs of authority in the interim period—as envisaged by the principal peace document. The HVO of the Croatian community will carry out these tasks while demonstrating its full cooperation.

#### **Sarajevo Hit by Power Shortage as Serbs Stop Fuel Convoy**

*AU1905125893 Paris AFP in English 1248 GMT 19 May 93*

[Text] Sarajevo, May 19 (AFP)—A severe power shortage gripping the Bosnian capital worsened Wednesday [19 May] when Serbian forces stopped a fuel convoy from getting through.

U.N. High Commissioner for Refugees (UNHCR) spokesman John McMillan said the hold-up was due to the unsatisfactory outcome of negotiations between the Bosnian Government and Bosnian Serb authorities. He refused to go into details, but it has become an established practice for the Serbs to help themselves to a quarter of the provisions shipped into Sarajevo.

U.N. Protection Force sources said the gas supply lines to the city needed repairing, and the power station at Kakanj had run out of coal.

Hospitals have had to postpone operations because of lack of electricity.

The big bakery which normally supplies almost the whole city with bread had to turn off its ovens Monday.

The bakery manager said the fuel tanker-trucks, normally brought here with UNHCR assistance, were stuck at Kiseljak in the Croatian zone on the other side of the Serbian lines.

However, other UNHCR convoys taking humanitarian aid to Moslem Slav enclaves in eastern Bosnia were being let through.

#### **Mazowiecki Threatens Resignation Over Ethnic Cleansing**

*AU1905195493 Paris AFP in English 1932 GMT  
19 May 93*

[Text] Geneva, May 19 (AFP)—Opposing forces in Bosnia are using the Vance-Owen peace plan to justify ethnic cleansing, U.N. human rights rapporteur Tadeusz Mazowiecki said Wednesday [19 May] as he threatened resignation over continued international paralysis in the face of the Yugoslav crisis.

Mazowiecki, entasked by the U.N. to investigate human rights crimes in the former Yugoslavia, denounced in a report on violations in central Bosnia the absence of any effective counter from the international community to ethnic purification being perpetrated in Bosnia.

Former Polish prime minister Mazowiecki said the Vance-Owen plan, which calls for division of Bosnia-Herzegovina along ethnic lines, had been used by warring parties to "create ethnically homogeneous areas."

He added: "The approach of implementation of the Vance-Owen plan stimulated ethnic cleansing."

Mazowiecki blamed international passivity over ethnic purification carried out by the Bosnian Serbs for encouraging Bosnian Croats to enforce an identical programme of "cleansing" in central Bosnia detailed in the report.

He added that evidence unearthed by the human rights investigation had brought him to the "threshold of resignation".

The U.N. document details atrocities committed by forces of the Croatian Defence Council (HVO), including an attack last Monday on the village of Ahmici, near Vitez, in which about a thousand Moslem civilians were massacred or forced to flee under a hail of machine-gun and mortar fire.

The report also cites a group of 1,500-plus mostly Moslem civilians detained since May 9 under terrible conditions in a disused factory near Mostar.

The peace plan drawn up by E.C. mediator Lord Owen and former U.N. envoy Cyrus Vance calls for dividing Bosnia-Herzegovina into 10 semiautonomous provinces.

#### **Tudjman Addresses Croats in Bosnian Village**

*LD1905123393 Zagreb Radio Croatia Network  
in Serbo-Croatian 1100 GMT 19 May 93*

[Report by correspondent Slavko Rako from Siroki Brijeg]

[Text] In the course of his second day in Herzegovina, following yesterday's talks in Medjugorje, Dr. Franjo Tudjman, president of the Republic of Croatia, spent this morning in Siroki Brijeg. To his hosts' delight, Dr. Tudjman, president of the Republic of Croatia, was welcomed by standing ovations and solemnly opened the renovated building of the Siroki Brijeg High School.

[Begin Tudjman recording] It gives me pleasure to be with you today. [applause] I am taking advantage of this opportunity to express my personal gratitude and, as head of state of the sovereign and independent state of Croatia, to convey gratitude for all that you, Herzegovinians, have contributed in the struggle for the realization of the 1,000-year-old dream of the Croatian nation to create its own sovereign and independent state of Croatia. [applause]

Siroki Brijeg, Herzegovina, as well as the members of the Croatian nation from the entire territory of Bosnia-Herzegovina have made a great contribution to the creation of the sovereign and independent state of Croatia which, for the first time in history, has been internationally recognized by all countries of the world, not only by some, as was the case before. [applause] Through this we have restored reputation and respectability to the name of Croatia in Europe, on all continents, and in the whole world. With this we have created preconditions, thanks to which Croatia's sons and daughters will no longer be compelled to abandon, for national and political reasons, their fair homeland and the rugged Herzegovina, as well as Dalmatia and the fertile Posavina and Podravina or any part of Bosnia, and to wander abroad, as my people in Zagorje would put it, in search of bread to appease the belly, only because Croatia was ruled by foreigners, because Croatia was not free, because it was downtrodden by someone or another, and was, throughout its long history, barely free, more or less, but mostly in bondage, under a foreign yoke or foreign rule.

All this is now past owing to the fact that we have achieved the unity of the Croatian nation wherever it is, and unity of Croatia and Bosnia-Herzegovina, and unity of Croatia at home and abroad throughout the world. [end recording]

[Rako] At the end of his speech, Croatian President Tudjman said that on the path of creating the Croatian Democratic Union [HDZ] and the Croatian state he came upon the best and most faithful associates in this region, as well as in other regions. He called on all people present now to take part in the economic and cultural development of Croatia.

**Tudjman Expects Loyalty From 'Rebel Serbs'***LD1905211193 Zagreb HTV Television  
in Serbo-Croatian 1730 GMT 19 May 93*

[Text] Following his two-day peace mission and visit to the Croatian community of Herceg-Bosna, President Tudjman arrived in Split late this afternoon. There he talked to Croatian TV and HINA reporters and made the following statement on the talks and meetings in Medjugorje:

[Begin recording] [Tudjman] First of all, I believe that we defused everything that was causing total mistrust between the Muslims and the Croats. We said that they should understand the strategic importance of mutual cooperation in fighting Serbian aggression. It is crucial that in so doing we made sure that the Croatian people of western Herzegovina, western Bosnia, could perceive it as their own home. In other words, we will have Mostar province headed by a Croatian governor and a majority Croatian government. Likewise, Travnik province. Consequently, there is now a legal and internationally recognized basis for installing Croatian authority, [words indistinct]

[Unidentified correspondent] I would, nevertheless, like to go back to our UN Protected Area [UNPA] zones. Have you noticed any indications from the world that the Vance plan will be implemented more energetically here in Croatia.

[Tudjman] I want to resolve the problem of our UNPA zones more than anything else. You probably know that I have set fully specified deadlines so one can start resolving...[incomplete sentence as heard] I think that this situation in Bosnia forces these Croatian rebels, Croatia's Serbs in the rebel areas, to be more realistic. They agreed to talk in Topusko. I have heard, I know no details, that they are coming to Zagreb, too.

This means that those more reasonable among them will prevail, those who will have to be loyal to Croatia, while those who do not want this, they must understand what I had told our negotiators: Tell them that we favor a peaceful solution. We have met all the preconditions set but if they force us, we will have to restore order by all means. We can no longer tolerate this bombardment of Zadar, Biograd, and Sibenik. Nor can we tolerate the fact that we have no link, no regular link, between Split and Zagreb. Apart from this there is also the oil pipeline, power lines, etc. We have drawn the world's attention to this and we expect support. [end recording]

**Hadzic Expresses Hope for Cease-Fire Agreement***LD1905012493 Belgrade TANJUG in English  
2251 GMT 19 May 93*

[Text] Novi Sad, May 19 (TANJUG)—President of the republic of Serb Krajina (RSK) Goran Hadzic said here on Wednesday [19 May] that he hoped a cease-fire agreement would soon be signed by the RSK and Croatia. Tuesday's talks in Topusko between delegations

of the RSK and Croatia give us hope that the war will stop and that political means and talks will be given a chance, he said.

The two delegations agreed during their meeting in Topusko to recommend to their military commanders to sign a cease-fire agreement. They called a second round of talks for May 26 in Zagreb, where they will discuss economic, humanitarian and communicational issues.

It is now clear to everyone that the Serbs refuse to have a common state with the Croats, said Hadzic and added that "it is essential therefore to accept reality and live in peace as good neighbours."

The RSK was proclaimed in 1991 in parts of the former Yugoslav Republic of Croatia where Serbs make up a majority population in response to Croatia's secession from the former Yugoslav Federation.

Last spring, the RSK territory was placed under the protection of the United Nations. On January 22 this year, the Croatian Army launched an offensive on the southern part of the RSK. The aggression is continuing.

**'Expert Group' To Define Border With Serbia***LD1905013793 Zagreb Radio Croatia Network  
in Serbo-Croatian 2000 GMT 19 May 93*

[Text] A group of experts on issues concerning the border between the Republic of Croatia and the Republic of Serbia was set up in Osijek today. Davorin Rudolf, president of the government's state committee for borders, who called the first session of the expert group, said that its task is to examine, provide an expert analysis of, and precisely define the land and sea borders between the Republic of Croatia and the Republic of Serbia and the FRY. Other tasks include gathering, analyzing, and storing all relevant material; taking part in negotiations with Serbian and Yugoslav representatives; consulting scientists and experts outside the group; and carrying out other tasks of importance for producing a precise description and definition of the Croatian border with the Republic of Serbia.

**Claim of Camps for Serbs in Croatia Causes Turmoil***93BA1007C Belgrade POLITIKA in Serbo-Croatian  
5 May 93 p 10*

[Article by R. Arsenic: "'Skoric Affair' Continues in Zagreb: Truth About Camps in Croatia"]

[Text] An uproar among the Croatian political public was provoked by Milan Skoric's allegation concerning the existence of five camps for Serbs, which has been denied by a working group of the Assembly and the Russian Embassy in Zagreb, which visited the cited locales; criminal charges against Skoric, although it was stated publicly that he would not be prosecuted.

Zagreb, 4 May—A considerable uproar among the Croatian political public was provoked by the allegation made by Milan Skoric (the chairman of the Executive Committee of the Community of Serbs in Croatia) at a recent meeting with a parliamentary delegation from the Russian Federation in Zagreb concerning five concentration camps in which Serbs in this Republic are being held. According to newspaper reports, Skoric said at the time that one such camp is in Gospic, three are in Sisak (Barutana, Jodno, and the former ORA [Youth Voluntary Work Drive] youth settlement), and one is in Pakrac (Pakracka Markusica). This allegation, it is emphasized, left a strong impression on the Russian members of parliament, who asked their embassy in Zagreb to investigate the matter, upon which a joint working group of the Assembly and the embassy was formed to verify this allegation in the field.

This working group, which included Assembly Vice Chairman Milan Djukic (and Serbian People's Party [SNS] chairman), the Russian ambassador to Croatia, Leonid Kerestetzhiyants, the chairman of the Assembly's Human Rights Committee, Dr. Ljubomir Antic, and others, determined and informed journalists that Skoric's allegations about five camps for Serbs were not true. In short, this working group asserts, there are no camps in those locations.

However, the question of whether they used to exist is something that the Assembly-Russian working group did not go into, and from that moment on the real story begins to unfold. Specifically, this whole campaign and its repercussions leave one with the impression that this sort of public stance and insistence by this state-diplomatic working group reflects an effort to show that everything that has occurred and been put forward here over the last two and a half years concerning crimes against Serbs is in fact untrue. One indication of this, for example, is the fact that SNS Assembly deputy Dragan Hinic was bitterly attacked together with Skoric on the main television news program (and subsequently in the newspapers as well), because at the same meeting with the Russian delegation he cited several facts about crimes and illegal treatment of Serbs, which were already known in public, but there is a continual effort to create the impression that they are not true.

It is interesting, for example, that the aforementioned working group did not go investigate the allegations concerning the 60 destroyed Serb towns in Croatian territory where there were no war operations and where Croatian authorities have been in control the entire time, which was also pointed out at the meeting with the Russian delegation. As well as a series of other examples.

The way in which references to crimes against Serbs are received by the Croatian public is illustrated by a comment in VJESNIK directed at Dragan Hinic, who is called a slanderer for telling the Russian delegation that ethnic cleansing is being carried out in Croatia against Serbs, that 60 Serb towns have been destroyed in western Slavonia (to which SNS representatives have referred several times in the past), that Serbs are taken away and liquidated at night without trial, that stories about aggression and the creation of a so-called Greater Serbia are simple fabrications, etc. Turning then in similar fashion to the aforementioned allegations by Skoric (who also asserted that 80 women and children of Serb nationality were liquidated at Pakrac), VJESNIK wraps all this in insult by alleging that Skoric (whereby both men are meant) "has not withstood the sweet call of Orthodoxy, believing that he would be able to delude the Russian members of parliament through lies, slander, and monstrous constructions."

Thus, this entire tragic subject unfortunately shifts to the field of the obvious religious intolerance of the Middle Ages, when people knew how to deal with "schismatics," and all of it is an indication of the dominant atmosphere in this region today.

In all of this, it is interesting that an attempt is being made to show how present-day Croatia is such a democratic place that it can withstand even an "assault" like Skoric's without sanctions, so that it was asserted that the people in question would not bear any consequences whatsoever for their statements. Indeed, the chairman of the Assembly's Human Rights Committee, Dr. Ljubomir Antic, told journalists that he is opposed to punishment and that "this case is accepted more as the price of democracy in Croatia."

Today, however, it was announced that the opstina public prosecutor's office has brought charges against Milan Skoric for the criminal act of spreading false reports....

## Federal

### Romanian President Visits Belgrade

#### Iliescu Assesses Milosevic Talks

*AU1905195893 Belgrade RTB Television Network  
in Serbo-Croatian 1730 GMT 19 May 93*

[Statement by Romanian President Ion Iliescu at news conference in Belgrade on 19 May; Iliescu speaks in English with superimposed Serbo-Croatian translation—recorded]

[Text] I mentioned two points. First of all, I mentioned our decision to maintain very close friendly relations between our two countries. These relations are based on our good traditions. We have never had any conflicts in our history. I think that Romania, Yugoslavia, and Serbia have had close and friendly relations throughout history. We have all the elements to continue and develop these bilateral relations in this way. This is one point that we stressed together, that is, our joint desire and political decision to strengthen and develop our friendly relations.

The second issue that we discussed was the conflict, the very difficult situation in Bosnia-Herzegovina, and the consequences of the blockade against Yugoslavia and Serbia, which directly affects Romania. We welcomed new developments and peace prospects. We stressed our common desire to support the initiative concerning the Vance-Owen plan as the only basis for the promotion of peace, despite the fact that the plan contains many imperfect elements that need to be changed during its implementation.

The plan is the only basis for the promotion of peace, however. We have welcomed these prospects and the decision by the leaderships of Serbia and the Federal Republic of Yugoslavia to resolutely embark on the implementation of the peace plan, step by step, realistically.

We consider this very important and vital for us, for the normalization of the situation.

#### Cosic, Iliescu Review Talks

*LD1905192293 Belgrade TANJUG in English  
1733 GMT 19 May 93*

["Pool" item]

[Text] Belgrade, May 19 (TANJUG)—Presidents Dobrica Cosic of Yugoslavia and Ion Iliescu of Romania on Wednesday [19 May] agreed that the Vance-Owen plan was a sound basis for achieving peace in ethnic war-torn Bosnia-Herzegovina, especially since it was possible to make changes during the process of its realization.

Iliescu is on a one-day visit to Yugoslavia.

Cosic's advisor Svetozar Stojanovic told reporters after the summit that Cosic and Iliescu had spoken for more than three hours about the Yugoslav crisis, especially about the 13-month war of local Serbs, Croats and Moslem in Bosnia-Herzegovina, and bilateral relations.

Stojanovic said that Iliescu had urged the realization of the plan for Bosnia-Herzegovina drawn up by international mediators Cyrus Vance and Lord Owen. The Romanian president said that he was aware that the plan was not perfect, but said that it was a good basis for achieving peace, with corrections along the way, Stojanovic said.

Speaking about the conflict in Bosnia-Herzegovina, the Yugoslav president indicated a certain paradox: Croats and Moslems, signatories of the Vance-Owen plan, are clashing fiercely, while Serbs, who rejected the plan, have signed a ceasefire with the Moslems.

The Yugoslav president told Iliescu that Serbs in Bosnia-Herzegovina feared the acceptance of the plan because the Vance-Owen division of Bosnia-Herzegovina into ten semiautonomous ethnic provinces left several regions in which genocide was committed against Serbs during World War Two outside Serb provinces.

Iliescu informed Cosic about the talks which he had held in the past few days with Presidents of the former Yugoslav Republics of Croatia and Slovenia Franjo Tudjman and Milan Kucan and Bosnian Moslem leader Alija Izetbegovic. Stojanovic did not reveal the contents of these talks, but said that Iliescu had expressed readiness to offer his "good services" towards the normalization of relations between the former Yugoslav republics.

The Yugoslav president said that Romania's firm stand against a military intervention in the territory of former Yugoslavia qualified that country for a role as mediator.

In the part of the talks on bilateral relations, Stojanovic said, the two presidents mostly discussed preparations for the period of cooperation after the U.N. Security Council sanctions against Yugoslavia are lifted.

Iliescu supported Cosic's idea on the integration of the Danube region into the so-called Danube Transversal. Iliescu said that he had information that business circles from the United States and Japan were interested in this integration, but warned that a precondition for its realization was peace in Bosnia-Herzegovina.

After the talks, President Iliescu said that "a high degree of accord" had been expressed in the talks on all essential issues. Iliescu said that the Yugoslav leadership was acting towards an end to the conflict in former Yugoslavia and establishing peace in these regions.

### Cosic, Milosevic, Iliescu on Talks

AU1905203293 Bucharest ROMPRES in English 1807  
GMT 19 May 93

[Text] Belgrade ROMPRES, 19/5/1993—After his interview at the Federation Palace in Belgrade with Yugoslav President Dobrica Cosic, Romanian President Ion Iliescu had Wednesday, May 19, talks with Serbian President Slobodan Milosevic.

Asked about the issues discussed, president Iliescu mentioned first of all that Romania and Serbia had good neighborliness, friendship relations of cooperation and understanding, they were neighbors sharing wishes and interests. The main issues discussed were the conflict in Bosnia-Herzegovina and the effects on Serbia and Romania of the embargo imposed on Yugoslavia.

As for the way to solve the conflict in Bosnia-Herzegovina, the Romanian president underlined that the Vance-Owen plan was the only solution, that is was not perfect, it could be improved, but it had to be applied step by step, while making it better where necessary.

President Slobodan Milosevic showed satisfaction over his talks with the president of Romania. He mentioned that besides Greece, Romania is a country Serbia has had no conflicts with so far, which offers a solid basis for bilateral cooperation. The Serbian president mentioned a number of joint projects, the Iron Gates [hydroelectric and shipping project on the Danube] in the first place. Regarding the crisis in Bosnia-Herzegovina, Milosevic said that Romania understood it correctly, fairly, while wanting that peace be settled in Yugoslavia and in the whole geographic area of the two countries. President Milosevic thanked the Romanian people, president Iliescu for help and cooperation.

I can tell you that we have had a detailed, substantial, and I hope fruitful dialogue, said Yugoslav President Dobrica Cosic at the close of his interview with Romania's President Ion Iliescu. He expressed satisfaction at the maximum similarity in the opinions voiced on this occasion on all the issues approached.

For his part, President Iliescu said that he would like to express satisfaction for this opportunity to meet the president of Yugoslavia. "We have spoken about bilateral ties and about the ways to act in the difficult conditions of the present situation, to have good prospects for the development of our relations after the conflict is put an end to," said the president of Romania. He added that this time also the leaders of Yugoslavia proved that they wanted to act correctly for the war in Bosnia to be ended. The Vance-Owen plan is at present the only basis for peace, and despite the difficulties and sacrifice it entails, the political leaders of Yugoslavia are determined to take action to fulfill it.

We wanted to gather information in the interviews we had with Presidents Milan Kucan, Franjo Tudjman, and Alija Izetbegovic, with president Cosic today, in order to better understand the complexity of this situation and

how difficult it is to obtain the results everybody wants. We are open to back all initiatives aimed at a peaceful settlement of these problems, which is in fact one of the purposes of the present visits and contacts, Iliescu concluded.

### UNPROFOR Spokeswoman on 'Ethnic Cleansing'

LD1905013193 Belgrade TANJUG in English 2239  
GMT 19 May 93

[Text] Belgrade, May 19 (TANJUG)—The control of the border between the Federal Republic of Yugoslavia and the former Yugoslav Republic of Bosnia-Herzegovina is one of the most important elements for the settlement of the situation in Bosnia and a difficult task, Spokeswoman of the United Nations Protection Force (UNPROFOR) Shannon Boyd said at a press conference on Wednesday [19 May].

UNPROFOR does not have observers on Yugoslavia's border with Bosnia, said Boyd, adding that the control of the border was a difficult task which required considerable manpower and equipment.

The control of the border should be preceded by a United Nations Security Council decision on the extension of the mandate and reinforcement of the U.N. peacekeepers in former Yugoslavia, said Boyd.

A large humanitarian convoy has reached Zepa, a Moslem enclave in eastern Bosnia-Herzegovina, said the spokeswoman and added that the situation in the village was slowly normalizing, similarly as in Srebrenica, another Moslem enclave in the vicinity.

However, Boyd warned that ethnic cleansing in central and southern Bosnia-Herzegovina, where war has flared up between Bosnian Moslems and Croats, had assumed large-scale proportions.

### JAT Pilots Strike Over Irregular, Low Pay

LD2005091893 Belgrade TANJUG in English 0859  
GMT 20 May 93

[Text] Belgrade, May 20 (TANJUG)—Yugoslav Airlines (JAT) pilots went on strike at midnight Thursday [20 May], protesting against irregular and low salaries.

JAT, employing 6,500 people and boasting a fleet of 33 planes, on the average makes less than two flights a day on domestic routes. International flights were completely cancelled last May, after the U.N. Security Council imposed sanctions against the Federal Republic of Yugoslavia.

The strike committee also demands of the Serbian Government to secure JAT fuel for training flights.

JAT's pilots warned a month ago they would lose their licences for international flights unless JAT was secured kerosene for training flights. Should they lose their licences, JAT faces a loss of at least 100 million dollars.

The anti-Yugoslav economic sanctions, including an embargo on petroleum, caused an acute shortage of kerosene and other fuel.

The strike will last until the demands are fulfilled. Meanwhile, JAT pilots will fly only for humanitarian purposes and for international organizations.

JAT, the leading airline in Yugoslavia, had regularly flown to all continents for over 40 decades. It is one of the companies struck the hardest by the anti-Yugoslav sanctions.

The Serbian Government on Wednesday said it would take measures to ease JAT's financial difficulties and increase the employees' salaries.

#### **Government Reveals Cost of Consumer Basket**

93BA1006F Belgrade POLITIKA in Serbo-Croatian  
5 May 93 p 11

[Article by R. Nikolic: "10 Million for Food Alone"]

[Text] The family food and beverage market basket cost exactly 9,863,953 dinars in April, according to the most recent figures of the Federal Bureau of Statistics.

Although the times are scant and poor for an ever growing number of families, this statistical market basket continues to contain food with which one can live fairly decently for a month. As is well-known, the baskets contain 65 articles envisaged for the normal diet of a family: vegetables, fruit, meat, milk, bread, pasta, dried and smoked meat products, as well as a few sweets, juices, and coffee.

Thus, according to the statistical calculations, in the course of a month a family should eat 26 kg of bread, 14.5 kg of potatoes, one and a half kg of dried beans, one kg of spinach, two kg of pork (with bones), one and a half kg of baby beef (without bones), four kg of chicken, two kg of various cold cuts, 90 eggs, 31 liters of milk, two and a half kg of feta cheese, six kg of apples, and in addition one kg of cookies and crackers, three 100-gram bars of milk chocolate, 200 grams of other candy, one kg of coffee, 15 liters of mineral water...

#### **Seven Average Salaries for Food**

Judging by the considerably reduced diet in most families and the ever shrinking purchasing power of most families, this statistical market basket has in the passage of time become only a list of fond "gastronomic" wishes. Few people could buy this collection of foodstuffs in one month, judging at least by average earnings. That is, although paychecks are being received in most firms in several installments during the month, it still comes down to the fact that in April people were living on pay for March. And the average pay in March, as the statistics show, was about 1.5 million dinars. When that amount is set against the price of the market basket, which runs to nearly 10 million, it then turns out that food last month cost almost seven average paychecks for March. Anyone who could set aside that much money

just for food, then, not including expenditures for electricity which has become more expensive, other utilities, transportation, with no outlays for clothing or perhaps school supplies, was in a position to eat a normal and healthy diet.

Meanwhile, there is no doubt that only a very few families were able to do that. And the statistics show that 90 percent of the population spends all that it earns solely for food. That is, even when families spend on food everything they receive in their pay envelope, this still is not enough to buy everything necessary for a somewhat richer family menu.

Certain comparative statistics also indicate the steady drop in the standard of living. For example, the average paycheck in March was worth only about five kg of coffee, while the average paycheck in March a year ago was worth 20 kg of coffee. The ratio is similar if we compare the average paycheck in March of this year with the amount of milk or bread that could be purchased. For example, this March one average paycheck would buy 195 kg of bread, but in March of last year it bought 516 kg of bread. The average March paycheck this year was worth 161 liters of milk, while last year it could have been used to buy 716 liters of milk. Yet another comparison: the average paycheck in March of this year was worth 13 kg of pork without bones, while a year ago the average paycheck could buy 31 kg of that same grade of meat. The good old times! And they existed just a year ago. Just think if we recalled 1989, when the average Yugoslav's paycheck was worth all of \$300!

#### **Five Days' Work for a Bar of Chocolate**

Certain other statistics show that one has to work more and more for less and less money. For example, to earn a chicken weighing one kg one had to work an entire day (seven hours) and two hours of the next day, i.e., a total of nine working hours. This March, it took 15 hours of work to buy one kg of fresh trout. For a bar of chocolate weighing 200 grams, one had to work all of 34 hours, or four days and six hours of work. The value of the hour worked was calculated according to the amount of the average paycheck.

And how was it a year ago?

In March of last year, one kg of chicken required only four hours and 19 minutes of work. One kg of trout approximately the same—four hours and 41 minutes, while the 200-gram bar of chocolate took eight hours and 42 minutes of work.

#### **Cost of Gasoline Increasing; Coupons Unavailable**

93BA1006D Belgrade POLITIKA in Serbo-Croatian  
5 May 93 p 11

[Article by M.C.: "Gasoline at 330,000 Dinars"]

[Text] Beginning today, it has been announced, a liter of gasoline costs 328,800 dinars at Dafina Trejd, and diesel 300,800. The price was set at the exchange rate of 95,000 dinars for 1 German mark [DM]. That price will stay in effect until the mark passes the limit of 130,000 dinars. After that, an adjustment is possible to about 420,000 dinars. It is there for anyone who wants it.

The "government" gasoline from domestic petroleum and domestic refineries has also changed its price. The price increase on 1 May "raised" gasoline from 30,000 to 85,000 dinars with coupons. Regular gasoline is 75,400, lead-free 83,000, diesel D1 65,400, D2 65,200, D2S 65,400, and heating oil 32,400. The April coupons are valid until further notice. No printing of coupons has been announced for May.

Yesterday, Jugopetrol did not offer the Belgrade market even a liter of gasoline for the public's coupons, but only for priority customers. In the last several days, nevertheless, it has been possible to find gasoline at some stations at a considerably more decent price than those formed freely. Beopetrol has these days been showing, not for the first time, that it profits even when it sells fuel at prices which are 40 percent of those of private operators. They are also finding their bearings, but in a more professional fashion than the private suppliers, who, aware that their commodity will sell regardless of the purchase price, go to the highest level. Beopetrol always holds the level of DM1.5, while the private operators go higher than DM3, justifying this with the 166-percent tax. However, that tax is the same for Beopetrol. Yesterday, this firm was selling gasoline without coupons at a price of 135,000 dinars, but there were also certain quantities to be sold for coupons at a price of 85,000 dinars. One gets the impression, they say, that there are fewer and fewer coupons. In any case, it does not pay drivers to enter into various purchases of coupons and then to chase around trying to find gasoline at a price of 85,000 dinars.

On the black market for coupons, they are asking 30,000 dinars per liter, so a 10-liter coupon costs 300,000 dinars. At a price of 85,000 dinars per liter and with coupons from the black market, a liter of gasoline ultimately costs 115,000 dinars.

"This is not much better for car owners," we were told by Mileta Nedjo, director of Beopetrol. "The lines at our stations prove that. They prefer to wait in line for 135,000 than to chase around for days for coupons and a price of 85,000 dinars. Even in spite of the price of 135,000, there is utter chaos at our stations where gasoline is being sold without coupons," he explained, announcing that this commodity would be available at 24 stations in Serbia which are on the list for free sale.

"There is a chance," Mileta Nedjo said in conclusion, "that we will at least continue this kind of supply, and today that is success. The diesel which we are obtaining is going solely to agriculture."

### Number of Trains Drastically Reduced

93BA1006E Belgrade POLITIKA in Serbo-Croatian  
5 May 93 p 7

[Article by Ch. Lakic: "140 Fewer Passenger Trains in Railroad Lines"]

[Text] In late May or early June every year, when the new schedule takes effect, we have become accustomed to the railroad offering the market, that is, to customers and the economy, several innovations. This year, unfortunately, not only is that lacking, but the number of trains in rail lines is dropping appreciably as compared to the current schedule. According to what we have learned from the Belgrade ZTP [Rail Transportation Enterprise], the new schedule would discontinue 140 passenger trains. In domestic, so-called joint, transportation, the envisaged seasonal fast train between Belgrade and Bar, which up to now has left Belgrade in the morning and in the new schedule was supposed to return to Belgrade in the afternoon, will not be in service. The fast morning train from Belgrade to Railovac is being discontinued, as are the daily fast train from Belgrade to Pec via Kosovo Polje, the so-called weekend train between Belgrade and Vrnjacka Banja via Kraljevo in both directions, the Belgrade-Prijepolje weekend train, and the daily electric motor train from Belgrade to Susica, at the foot of Zlatibor, will no longer be available, or several local passenger trains.

What is more, there are plans to "reduce" by about 40-percent capacity 70 local passenger trains. That is, some passenger trains, for example, two passenger trains from Kraljevo and Lapovo to Skopje, will carry only three cars, and the Belgrade-Bar auto-train, as well as the fast train that goes from Subotica and Novi Sad to Bar, will also be considerably shortened. Because a large number of locomotives, passenger cars, and sleeping cars are out of service, sometimes as many as 60 or 70 percent of them, it will not be possible to transport groups and excursions in an organized way and to meet other requests of the public and the economy.

All trains now in service will remain in international transportation, except that there is a constant fear that one of the railroad administrations might cancel some train or through-service car. There have been cases when the German Railroad canceled all through cars from our country to Germany, and in two days the couchette car from Belgrade to Munich will depart for the last time. Nor are there sleeping cars any longer between Belgrade and Malmo, nor the couchette car from Belgrade to Berlin.

All in all, no better situation in rail transportation is expected for a long time. Passengers in the Belgrade rail junction traveling from Batajnica to Pancevo or Resnik, where the new schedule plans to discontinue 120 trains, will be particularly affected.

### **Banks Involved in Black Money Market**

93BA1006C Belgrade POLITIKA in Serbo-Croatian  
5 May 93 p 11

[Article by G. Volf: "How the Exchange Rate on the Black Market Is 'Inflated'"]

[Text] The dinar is plummeting faster and faster, and the exchange rates of convertible currencies are rising faster and faster on the black market.

In Subotica, the German mark has passed the value of 100,000 dinars, Belgrade black marketeers are somewhat less expensive, and they sell the German mark at 90,000 and buy it at 80,000. Yesterday, private exchange offices and savings banks were buying the mark at about 95,000, ignoring the law and the official rate, at which the mark is worth 39,000 dinars. The difference between the official rate and the black market rate, which everyone takes to be the market rate, is growing all the time, and the measures recently taken by the federal government to protect the domestic currency are more and more nonsensical. The effects of the devaluation evaporate quickly, and so is the standard of living of the population.

Our people have become accustomed to the reports from the black market, which they listen to much like the weather report. The exchange rate of the mark on the black market has begun to determine our everyday life, and that is why everyone is wondering why foreign exchange is becoming more expensive. The opposite calculation from the one to which we have become accustomed proves that even mathematics can be "cynical." According to it, one dinar is worth only 0.0000111 mark. The forecasts are gloomy, and by all appearances will be even worse.

If the dinar is to stabilize, it is indispensable that our economy be restored to some kind of health, that the supply of foreign exchange be equal to the demand, that the state treasury be replenished.... But all of that is almost impossible under the conditions of the sanctions and the proximity of war. There is no order and discipline in the financial sphere in the context of all of that, money flows are not controlled, and no one is cutting off illegal channels through which dinars "are leaking" into the street....

Judging by the situation on the official Money Market, taken all in all, the banks are liquid. All of them together have more than 2 trillion dinars in accounts. According to Zivojin Jovanovic, senior adviser in the Money Market, this is more than in past days. How much the banks individually have in their accounts is a trade secret. The National Bank of Yugoslavia has prescribed interest rates at which banks can lend or borrow money in general, and that would also apply to that market. The lender of money can collect no more than 74 percent interest, which includes a possible commission and everything else except the sales tax.

According to figures from the Money Market, our banks are in good shape. It is not clear, then, at first glance, why

there is a limit on the payment of cash to the public, to the owners of current accounts. Why do the banks have a surplus of dinars in their accounts and at the same time do not have enough to pay their customers? All owners of current accounts are witnesses that it is in the very rare bank that one can withdraw more than 1 million dinars in cash. The rate of interest on sight deposits for money which forcibly is lying in the accounts of individuals are just a bit better than 3 percent! But, they say, because of the low interest rates (maximum of 74 percent), the banks are not overly interested in lending money through the official market. There is thus warranted suspicion that both the government banks and private banks are channeling available dinars not into the regular flows, but to the street where they are used to buy foreign currencies. It can thus be said that the individuals who cannot get at their money are extending loans to the banks so that they can buy foreign exchange which they then resell at scalping prices, earning considerably more thereby than if they were to make dinar loans.

Most people have up to now been pointing their finger at the private banks, proclaiming them to be at blame for "inflating" the exchange rate. That is how the private banks have offset the immensely high interest rates which they have been offering savings depositors, making a good profit at the same time. But neither government banks nor indeed joint "business operation" have been excluded from this. For the exchange rate on the black market to rise, someone must every day be offering more and more dinars for foreign exchange. This certainly cannot be the ordinary public.

Dinars from the krajinas are also to blame for the "inflation" of the exchange rate on the black market. So far, no one has published figures on how many such dinars have been printed. They are exchanged at a parity of 1:1 against Yugoslav dinars, so that the purchase of foreign exchange is again possible even on our own territory. We learned how krajina dinars are converted to Yugoslav dinars in practice after the affair of the New Belgrade SDK [Social Accounting Service] became public. The agency responsible for monitoring money flows did quite a bit to help private operators collect easy money for "humanitarian aid" which they were sending to the krajinas. In this way, inflation "spilled over" from the war-torn regions to the FRY.

Nor is that the end of the list of those to blame. It seems that all those who have ways of obtaining sizable quantities of dinars—either in cash or in accounts—have given themselves over to the race for foreign exchange.

### **Bankers on Tightening of Sanctions**

93BA0996E Belgrade BORBA in Serbo-Croatian  
28 Apr 93 p 5

[Article by B. Stepanovic: "The Living Cannot Survive"]

[Text] The tightening of the UN sanctions against the FRY, which formally went into effect yesterday, apparently did not surprise anyone, at least in banking circles. In the present comments, it seems that there is not as much of a "gloomy attitude", in contrast to those heard upon the imposition of the "first" sanctions. For the most part, there is a belief or at least a hope that somehow it will be necessary to continue to work and to live. The only question is how.

"It is true that the new sanctions that will affect us mean a hermetic seal and are seriously hampering any kind of work. We, however, still have to cope and find a way to get work. I assume that these sanctions will be extremely drastic, but we have to find ways to continue to do business, especially with foreign partners, naturally without any sort of ostentation, especially when food transactions are involved. I think that one should never lose hope; one always has to find some sort of solution, but the question is whether people will work more or less," said Dragoljub Vukosavljevic, director of Union Banka.

"One should not be discouraged—one has to keep working, whatever the conditions are like. In all conditions there are ways to work and produce, because the economy must not come to a stop. The extent to which the sanctions influence the economy will naturally have an effect on the banks as well. So far our bank has done a solid business, and was the first on the ranking of banks, and we worked in spite of the former sanctions. We must somehow try to continue working in the new conditions as well," said Mirko Tisma, director of customer services at Vojvodjanska Banka.

"Obviously things will get worse and worse—we will practically be in a hermetic seal, and we know that a living organism has no chance of surviving in that. For a long time now we have not done business with foreign countries, except for transactions under special conditions, and banks have focused on domestic transactions. The problem is that even they are slowly coming to an end, and all in all, our prospects are not encouraging at all," said Mirko Piljak, director of Trgovacka Banka.

"For the time being we do not have all the information about what these new measures mean, so analyzing them would be prejudicing events. In any case, in all conditions one has to do something to survive. If we really shift over to a command economy, that by itself does not leave any possibility of a strategy for individual economic entities. I hope, however, that it will not happen. In a day or two there will probably be more information on all of it, so on that basis we will decide what to do next," said Slobodan Vukovic, director of Prva Preduzetnicka Banka in Belgrade.

"What will happen to us is not naive at all—the situation is serious. What had already started to be applied in practice has been tightened. It would have been fortunate if we had been organized better from day one. What the federal government is trying to do now, impose order, should have been done back in June or July, and

then there would have been less damage, fewer problems and false boasts. So far we have actually spent our reserves, and we lacked more coordination. Balances and priorities should be determined; what I have in mind here is coordinating and harmonization, and not a controlled economy, but not having everyone do what he wants," thought Stojan Dabic, director of Investbanka.

#### Cosic Adviser Urges Links With U.S.

93BA0996F Belgrade BORBA in Serbo-Croatian  
28 Apr 93 p 13

[Interview with Prof. Svetozar Stojanovic by Nikola Burzan; place and date not given: "Most Urgent and Most Important—Links With the United States"]

[Text] *If we do not find a convincing link (not a subervient one, of course) between our national state interest and that of the United States, no one's possible initiatives for lifting the sanctions will be decisive.*

"Our foreign policy, to a degree rare even in our history, has become a vital prerequisite for the survival of the people and the state. Thus there are virtually no substantive demarcation lines, and not even any difference in importance, between domestic and foreign policy. Not only is foreign policy a crucial factor in internal development, but also vice versa: individual domestic policy issues, such as Kosovo, for example, are becoming foreign policy issues par excellence," stated Prof. Svetozar Stojanovic, special adviser to the president of the FRY.

"From the period of Titoist megalomania, which was based on a Yugoslav pseudoglobal role, in the 1980's everything shifted increasingly to a localistically and provincially conducted foreign policy, in Serbia as well, even at a time when policy in general could not even be conducted successfully without a world perspective.

"Now we need a sort of concentrated foreign policy: all intelligent forces, all people with talent, imagination, connections and reputations in the world, should be involved. I would say that we need a strategic concentration of foreign policy, and not a pretentious dispersion of it, as was the case under Tito and in the post-Tito period.

#### Council on Foreign Policy

[Burzan] What would the present priorities in foreign policy be?

[Stojanovic] Obviously the FRY has to deal primarily with the United States, regardless of the fact that the bipolarism of world power has not completely collapsed, as many people otherwise concluded: in fact, the United States will still have a lot of trouble with Russia, as will the world with Russia, and Russia with itself. In spite of that, during the years to come the United States will keep by far the biggest role in world politics. That means that if we do not find a convincing link (naturally, not a

subservient one) between our national state interest and that of the United States, no one's possible initiatives for lifting the sanctions will be decisive, since the United States has the right to veto it. I do not see why a democratic and prosperous FRY, which acts in a peaceful and integrative manner in the Balkan region, should be at odds with the strategic interest of the United States. Why would the fragmentation of this Yugoslavia, not to mention its destruction, be in the interest of the United States?

In connection with the globalization of world policy, the Muslim factor also has to be recalled. This has to do with the attempt to create in the area of the former Yugoslavia, even at the cost of tremendous casualties, a Muslim "statehead" (I coined the expression by analogy with "bridgehead"). There is a great difference between the United States and the EC countries in the degree of their interest in or at least tolerance of that.

Since foreign policy has become a vital issue for our survival, an intellectual initiative for thinking over strategic issues, reexamination, and the use of imagination should be expected primarily from the current FRY president, naturally in cooperation with the government. Perhaps in that context one should also think about creating a sort of council on foreign policy that would not make decisions, certainly, but would only provide analyses and suggestions. Since we are already on that aspect of creating and conducting foreign policy, it is worth emphasizing that schools, institutes, and academies of science should be used systematically. In that area, through miserly economizing we will save at best several tens of thousands of dollars, but will continue to lose billions of dollars because of the imposed isolation of the country and its economy, science, and culture.

### Racist Anti-Serbian History

[Burzan] Where should science and experts be used, and how?

[Stojanovic] One of the central research topics should be the racist and warmongering anti-Serbian hysteria in certain Western media, even in France. The research should be concentrated on the groups which create public opinion and a repulsive image of our state and people, not so much with the aim of identifying the causes as much as finding answers to the question of what should be done to reduce and eliminate that hysteria.

It is probably clear now that it is necessary to return to the proven tradition of both the Serbian and the (first) Yugoslav state: it would be best if our most important representatives in strategic capitals and the most important international organizations, either as ambassadors or special emissaries from the FRY president, were people who really meant something in those circles, while professional diplomats would be their "right hand." Party prejudices only hurt here; it is obvious, for example, that in some countries non-party members or

even members of opposition parties can do that job better than members of the ruling party.

[Burzan] And on the information-propaganda level?

[Stojanovic] The informational aspect now represents an inseparable aspect of power in the world. Without it, it is no longer possible to have any kind of power: military, political, diplomatic, economic, ideological, etc. The image of states, through multiparty dynamics in Western countries, the struggle of politicians for influence upon public opinion, and finally, through public opinion's influence upon governments and opposition parties, has enormous influence in foreign policy. In that respect, we have had catastrophic results.

I think that it is essential that the government, or its appropriate ministries, primarily those for foreign affairs and information, investigate in agreement with the republic president whether it would be good to keep state cultural information centers abroad. There is an impression that even the better ones essentially cannot help, because everyone treats them as official propaganda institutions. We have been so defeated in terms of propaganda that we should not primarily respond to propaganda through counterpropaganda. After all, we should not do it for moral reasons either. Consequently, it is perhaps better that we decide on some sort of nongovernmental cultural information foundations or agencies that would have branches around the world, like the British Council or the Goethe Institute.

### Causes of Yugoslavia's Collapse

[Burzan] The disputes over who "contributed" more to the collapse of Yugoslavia—domestic or foreign factors—are still going on. How do you view it?

[Stojanovic] If what is involved is the basic causes, factors, and reasons for the violent and bloody collapse of Yugoslavia, then it should be emphasized that they are numerous, and also that the domestic ones—demographic, ethnic, religious, economic, political, leadership, etc.—are more important than the foreign ones. Of course, no list of necessary and sufficient conditions can be compiled while overlooking foreign causes, factors, and reasons.

Nevertheless, since there was no question of aggression and occupation of the country, it is clear that those foreign ones could not have been so "productive" if they had not fallen on fertile domestic soil, more than favorable. The fact is, however, that at the beginning of the Yugoslav crisis the "international community" still proceeded from the assumption that the existence of a whole Yugoslavia was better for it than its collapse. More or less at the same time as the beginning of the accelerated collapse of the USSR, however, after the failed and completely counterproductive coup against Gorbachev in August 1991, the West came to the conclusion that there was no more reason to insist on preserving Yugoslavia as a whole, since it had lost the geostrategic importance that it had for the West at the time of the

bipolar world power structure. Since then, the West has quickly turned to supporting separatist nationalisms in Yugoslavia, as a powerful weapon for the destruction of post-Tito Yugoslavia and post-Tito communism.

The fact is that the political leaders and JNA [Yugoslav People's Army] command personnel, especially in the eastern parts of Yugoslavia, shortsightedly insisted "for a long time" on the preservation of Yugoslavia and even the communist party as its supposed integrating link. Those dominant factors in the eastern parts of the country, with political symbols like the five-pointed star, played into the hands of the western Yugoslav separatist elites and their attempts to portray themselves as fighting for democracy and against communism, instead of as the destroyers of the joint state.

Admittedly, in speaking about the exploitation of nationalist separatism by the capitalist-democratic West in the struggle against communism, and thus ipso facto against Yugoslavia as well, we should recall that the same tactic was also used by the Third Communist International in attempts to destroy capitalism in multinational states; it also succeeded in it, but not in the Western developed countries.

#### Senselessness of Longer Sanctions

[Burzan] What lessons, then, could the international community draw from its actions with respect to the Yugoslav crisis and the Yugoslav wars?

[Stojanovic] First of all, it should be emphasized that the West should by no means encourage and much less recognize the results of the collapse of Yugoslavia until the rules for a peaceful departure, but also for the peaceful survival of those who would like to stay in Yugoslavia, are clearly defined in a preventive-peacemaking process, perhaps in the form of some sort of "London" conference. It would be an example of political and democratic action that would primarily be preventive and not reactive, positive and not negative, stimulating and not punitive.

The other lesson for the international community is that arrogant self-confidence not only does not yield anything good for those against whom it is directed, but also for those responsible for it, because as a rule they soon begin to spin around in a "vicious circle" of arrogance themselves. That can be seen, for example, just from the self-confident statements about how the war and the horrors of war in our country do not belong in Europe and the 20th century, while precisely the opposite is true: in many respects it was precisely Western Europe, moreover in the 20th century, that was characterized not only by colonialism but also by Nazism as an evil unprecedented in the history of mankind.

The third lesson that should be drawn is the danger that the corruptive commercialization of the mass media represents for the foreign policy of democratic countries. In our case as well, admittedly considerably more than in previous ones, it turned out that most of

the mass media represents a business that does not see its own role as providing correct information (especially not about foreign countries), but rather as selling "information" in accordance with orders from advertising and lobbying agencies.

[Burzan] The sanctions are not being relaxed, and are even threatening to be much harsher.

[Stojanovic] The question of the senselessness and counterproductive nature of further sanctions against the FRY should also be clearly raised, proving that they are extremely successful if their goal is to destroy our economy and social life and cause mass poverty, the consequence of which will be the creation of a new center of unrest and violent conflicts, now already the third center in a row on the territory of the former Yugoslavia. Is the world prepared for new hundreds of thousands of refugees who will rush from the FRY to the West, while it will "have" to offer massive humanitarian aid to the rest who will remain here? Will the world, in the face of such TV pictures, continue its punishment of an entire people and an entire state?

#### [Box, p 13]

##### United States of Bosnia-Herzegovina

[Burzan] Do you see any sort of way out of this bloody labyrinth?

[Stojanovic] There is no chance of extricating ourselves from this catastrophically bad situation until the war in Bosnia-Herzegovina is extinguished. That, however, is not possible without a lasting and just political solution through an agreement among the three constituent peoples, probably organized in three autonomous units. I proposed a name a long time ago—the "United States of Bosnia-Herzegovina." Of course, those three units should not be "ethnically clean." That would be an extremely decentralized federation or even a confederation.

If the world imposes the Vance-Owen map of 10 provinces, there would immediately be a general and panicked escape from one provinces to others. It would thus happen that the international community would completely "ethnically cleanse" all the provinces in Bosnia-Herzegovina.

##### Former Security Service Head Exonerated

93BA1012A Belgrade NIN in Serbo-Croatian 16 Apr 93  
p 24

[Article by Svetislav Spasojevic: "Return of the Generals"]

[Text] The reader will certainly recall that Major General Aleksandar Vasiljevic, chief of the Security Administration, was one of NIN's most important informants last summer. The head of military intelligence was released last week after 110 days spent in prison and a trial lasting 35 days. The sacred rule of any law-governed state is that

the law speaks through the verdict of a court, and therefore no one is guilty until convicted by a verdict. Although it had a personal interest in the fate of its informant, so as not to hinder the investigation and the court trial itself, NIN avoided writing about the "Vasiljevic case." Once the court verdict is pronounced, by the laws of the journalist's trade, we are allowed to do so.

The general, so the verdict reads, is acquitted of all charges. Citizen Aleksandar Vasiljevic, that is, is not a traitor, thief, war profiteer, spy, Muslim agent who infiltrated Serbian ranks, nor Croatian collaborator.... In the assessment of his superiors, Generals Veljko Kadijevic and Blagoje Adzic, who were witnesses at the trial, Mr. Vasiljevic was and remained an honorable man under the most difficult circumstances, which is the main thing, and then is also an elite soldier of the Yugoslav People's Army [JNA]. Why, then, did certain leading figures in the Army—above all others, on his assertion, the Generals Nedeljko Boskovic, chief of the intelligence-security sector of the General Staff, and Bozidar Stevanovic, who heads the Air Force—have it in for him?

After the JNA's defeat in Slovenia, Croatia, and Bosnia-Herzegovina [B-H], a scapegoat had to be found before the eyes of the humiliated people, he had to be tied to the pillar of shame, so that it could protect itself. Someone had to be accused of the amateurish "start-stop" military strategy of the SFRY Presidency. The clumsy four-member Yugoslav Presidency, consisting of Branko Kostic, Borisav Jovic, Jugoslav Kostic, and Sejdo Bajramovic, who did not deliver what the moment demanded, believed in their conceit that they would escape responsibility if several high military officers were convicted of the tragedy which we experienced. Veljko Kadijevic, Blagoje Adzic, Stane Brovet, Zvonko Jurjevic...would certainly have had their turn later.

With the help of a few officers whose ambitions had not been satisfied up to that time and obedient journalists, a campaign was set in motion against Generals Aleksandar Vasiljevic, Simeun Tumanov, and Vlado Trifunovic, Colonel Slobodan Rakocevic, and several other less well-known officers. In order to give themselves the greatest possible importance, the "activists" proclaimed themselves to be patriots and began to chase traitors in every direction. In this way, the Army was ethnically cleansed almost to the end. The overheated winds took away the Slovenes, Croats, Muslims, Hungarians, Macedonians, but also Serbs who were not to the liking of the new patriots. To the general astonishment, they even began to engage in politics. They wrote letters and gave interviews in which they even said who would be defense minister and indeed even prime minister. The Army began to step into areas where access is denied it in all democratic societies.

In the case of Aleksandar Vasiljevic, the truth was not in the interest of certain members of the Army. The general had offered the truth from the very outset, but they did not want to hear it. Had Vasiljevic, for example, turned

over his post in the usual way to his successor, Gen. Boskovic, many things would have been cleared up. The new top military intelligence officer did not want that, but rather he accused Vasiljevic of having tried to kill him! It is quite possible that the image of Aleksandar Vasiljevic certain people tried to foist on the public is a spitting image of themselves. A boomerang is quite a strange device.

In his account in NIN, the "man who knew a lot" did not, as some wished to represent, divulge military secrets, but defended the service he had headed from unsavory and shallow-minded people. Today, just like last summer, NIN holds that in opening its pages to Gen. Vasiljevic and certain other military personnel it did a service to the Army of Yugoslavia [VJ]. By no means to every individual in it, and particularly not to those who in tragic times have abused its uniform on behalf of personal interests. After all, with the departure of the "elite soldier Vasiljevic" from the top post in KOS [Counterintelligence Service], the department was simply marginalized. In the meantime, in the assessment of those who are well-informed, the sphere of security has been taken over from the military and federal authorities by the republic department. Pursuant to the desire of the powerful, excessive power has thus been concentrated in just one place.

The "Vasiljevic case" has several levels. That is, it requires a more minute analysis than just a newspaper article. It will quite certainly go down in the annals of military justice as an example from which young officers will learn that a man becomes a traitor only when the court unambiguously establishes that, not when certain overheated patriots so assert.

Are we right if among other things we conclude that after the shock that struck it, the Army is regaining consciousness? In acquitting the general of the shameful charges, young Captain Dusan Dopuca, judge of the Military Court in Belgrade, does honor to more than military justice. He resisted all the pressures and swiftly swept aside the public verdict that had already been pronounced. In general, the trials of the "errant" generals give us reason to believe that at this point there is far more understanding for justice and the truth in the army than is the case in civilian life.

And finally, a few words about rehabilitation of the former head of KOS. After being acquitted of a false charge, a sailor is not completely rehabilitated until he once again has a berth on a ship. True, Mr. Vasiljevic has been acquitted of all charges, but it is also true that even after that the general was denied what he is entitled to on the basis of justice and truth—the life of a soldier. Generals of the Army of Yugoslavia, the law states, may be retired no earlier than age 57. Aleksandar Vasiljevic is now 54. He was suddenly retired on 8 May 1992 in a decree signed by Branko Kostic, who at that time headed the SFRY Presidency.

So, the future destiny of Aleksandar Vasiljevic is in the hands of Dobrica Cosic, president of Yugoslavia. It is up to him to correct or somehow confirm what by all appearances was a mistake committed deliberately by his predecessor. Will Mr. Cosic honor the court acquittal and issue a decree returning to active service a man who in the assessment of a majority of the top army leadership is one of the best Yugoslav generals? Believing in Aleksandar Vasiljevic's complete rehabilitation is perhaps a belief in the impossible, but even that is better than giving oneself up to the lure of hopelessness.

### **Serbia**

#### **Milosevic: Bosnian Serbs 'Have Not Rejected Peace'**

AU1905200393 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 19 May 93

[News conference by Serbian President Slobodan Milosevic with unidentified reporters in Belgrade on 19 May; questions and answers are in English with superimposed Serbo-Croatian translation—recorded]

[Excerpt] [passage omitted] [Reporter] Mr. President, now that the Bosnian Serbs have rejected the peace plan, could you tell us what the next move or gesture by Serbia will be?

[Milosevic] Well, the Serbs in Bosnia have not rejected peace. It is very important, as you know, to look at the facts of today, yesterday, and the day before yesterday. The cease-fire and the peace agreement are virtually respected. I hope that there is only one way out of this situation, namely the continuation of the negotiations oriented toward peace and the realization of the peace plan. There is no alternative. I think that peace is in the best interests of all citizens of Serbia, Yugoslavia, and the Serbian republic [in Bosnia-Herzegovina]. I believe that this orientation toward peace will prevail. I am sure that we are approaching peace.

[Reporter] As president of a Balkan country, do you think that these countries could offer new initiatives for the whole plan to be made more acceptable.

[Milosevic] I think that we can.

[Reporter] In what sense? To convince the Bosnian Serbs?

[Milosevic] Well, we are not in a situation where we can explain this in detail. I hope that it is clear to all participants in the conflict that there is absolutely no other solution than the one that equally respects the interests of all three sides in Bosnia. There is no other solution that could affirm the interests of all three sides, except peace. I am sure that peace will prevail.

#### **Money From Serbia to 'Krajina' Via Helicopter**

93BA0996A Belgrade BORBA in Serbo-Croatian 29 Apr 93 p 10

[Article by R.P.: "Money Also Carried to Krajina by Helicopters"]

[Text] Belgrade—The testimony process in the case of New Belgrade's Service for Payment Transactions was continued yesterday with hearings of new witnesses. Investigating Judge Nebojsa Simeonovic questioned Dragan Bjedok, director of Dinarka from the Republic of Serbian Krajina [RSK], Mirko Sinobad from the RSK Health and Pension Insurance Fund, Agrouniverzal Director Jovan Milosevic, and two employees from New Belgrade's Service for Payment Transactions. To some extent this completed the mosaic of the investigation in connection with the operations of New Belgrade's Service for Payment Transactions.

Stojan Delic, the arrested director of the Service for Payment Transactions, as the "authorized representative of Krajina money" in Belgrade, deposited money from Dinarka and the Health and Pension Insurance Fund in commercial banks. The investigation is charging that the money was not returned to these firms with interest. It is believed that Dinar and the RSK Health and Pension Insurance Fund thus lost 532 million dinars.

"Because of the difficult situation, we were not able to find out what was happening with our money here in Belgrade. Communications were difficult, and we were not able to exercise any control over our account whatsoever. After three months, I received the court summons. We had very correct relations with the Public Auditing Service, and they helped us a lot. It is evident that Stojan Delic participated in creating the SDK in the Krajina. Thanks to him, payment transactions in the Krajina functioned. I think that people from Belgrade bet both their positions and their lives on the Krajina. The expert assessment and the court will determine whether we were harmed by the people who used our funds," stated Dragan Bjedok, immediately after the hearing. As we learned, Dinarka had 60 million dinars in the Service for Payment Transactions account, issued as a short-term loan for 4-6 days. According to Dinarka's calculations, the interest on those funds amounted to 6 million. Bjedok claims that the money was returned to them, and Dinarka does not have any claim against the Service for Payment Transactions.

Mirko Sinobad from the Health and Pension Insurance Fund stated that there was about 550 million dinars in the Service for Payment Transactions account. According to Sinobad, the money was mostly used to purchase medicine for the Krajina. In some cases the money was also used for short-term loans for 5-6 days. He claims that all the funds were returned to them with interest, and that like Bjedok, he was not making any claim against the Service for Payment Transactions. In

his words, Stojan Delic made superhuman efforts on behalf of the Krajina and established payment transactions in the Krajina.

Mirko Konjipusic, assistant director of New Belgrade's Service for Payment Transactions, told reporters yesterday, "It is true that the New Belgrade Service for Payment Transactions founded the SDK in the RSK and the Serbian Republic. On several occasions our cars were used to carry (Serbian) money in order to organize payment transactions in the Krajina. The money was sometimes also carried by helicopters; once we sent 5 tons of money to the Krajina. All of that was done by verbal agreement with our government. Both Sainovic and Zelenovic, Radmilovic, and Bozovic knew about that deal. As a special adviser to the RSK minister of finance, Delic participated in the whole deal. I can say that the loans that were given to the Krajina actually were not treated as loans, but were instead a special type of clearing. In return, dinars (Serbian) were obtained here in Serbia. If you are asking why Krajina dinars are here, I can tell you—on the basis of a nonexistent account. Delic, as an authorized representative, 'deposited' money from Krajina firms in commercial banks, where it was used for short-term loans, and later was repaid with interest. Astro Orion and other firms received Serbian dinars for goods sent to the Krajina."

### Macedonia

#### Macedonia Requests Corridor Through Serbia

93BA0997B Belgrade BORBA in Serbo-Croatian 28 Apr 93 p 6

[Article by Dragan Nikolic, BORBA correspondent in Skopje: "Macedonia Seeks a 'Traffic Corridor' Through Serbia From the United Nations"]

[Text] Skopje. The major Macedonian border crossings to the north are under the control of the UNPROFOR [UN Protection Force] and CSCE [Conference on European Security and Cooperation], while secondary crossings under their frequent control and the traffic at these crossings are subject to the instructions of UNPROFOR and CSCE representatives.

Vehicle traffic is undisturbed for now, and the export of food and medicine to Serbia is permitted, but no imports from Serbia are permitted in return. However, UNPROFOR and CSCE representatives still do not have real instructions for the application of sanctions, as they themselves report. For example, instructions are necessary from New York as to whether travel is permitted only for buses and trains or passenger cars too. It is also not clear who can be the organizer of the travel, Serbian or Macedonian shippers, especially when Macedonians whose workplace is in the territory of Serbia are in question.

The Macedonian Government has contacted the president of the Security Council by letter, in which it says

that this republic has suffered losses from the sanctions amounting to 1.8 billion dollars this year. The letter seeks a "north-south traffic corridor," in order for Macedonia to be allowed to transit Serbia. This "corridor" is being sought because Macedonia does not have other rail connections with the world except the existing one from Tabanovac to Subotica. Vice President of the Economic Chamber of Macedonia Dose Kotevski says that this chamber has proposed an alternative solution—from Tabanovac to Dimitrovgrad, or from Djevdjelija through Solun-Sofia. This chamber is also seeking greater access to docks in Drac, Solun, and Patras, in order for trucks with cargo from Macedonia to be able to take routes through Italy or Slovenia to European countries.

According to what was said yesterday in the Economic Chamber of Macedonia, Radovan Karadzic, with his refusal of the Vance-Owen plan, as a 1 May present, at a meeting of representatives of producers and exporters, inflicted greater harm on Macedonia than on Serbia. Djulko Djordjevski, deputy general director of "Jugohrom," claims that this major Macedonian producer will cease production because it is importing 300 to 350 tons of dried lignite from Serbia daily. With this the 3,500 employees of this combine will be without work. Vojo Karanfilovski, deputy general director of "Ohis" in Skopje, claims that this combine obtains 90 percent of its raw materials from imports by rail through Serbian territory. Ilija Jacoski, deputy general director of "Alumina," claims that this producer will suffer catastrophic losses because arrangements for construction of projects in Russia were concluded with the Serbian firms "Geneks," "Progres," "Centropromet," and others. Incidentally, 88 percent of the products of this firm are exported to western Europe through Serbia.

Yesterday the border authorities allowed through the border crossing only trucks that were late in returning home. Jovan Andonov, vice president of the Macedonian Government, stated to a BORBA reporter that Macedonia will not be able to survive the sanctions without catastrophic consequences, but that he expects "that this will not happen because the Vance-Owen plan will be signed in two-three days."

### Montenegro

#### Private Coal Mines Sprouting; Prices Lower

93BA1006B Belgrade POLITIKA in Serbo-Croatian 5 May 93 p 14

[Article by M.R.: "Coal Mines in the Vicinity of Pljevlja"]

[Text] Pljevlja, Apr—The entire region of Pljevlja and the city itself live on coal, which is almost on the surface of the ground. In an old record in the Holy Trinity Monastery near Pljevlja, it is written: "Enormous wealth

lies hidden in this tormented land, trackless and impoverished, among the hills, along the rivers. Whoever finds and mines it will be a happy man forever."

Individuals seem to have taken this observation literally, and they have begun to open their own mines. They have begun to extract coal and sell it at a somewhat lower price than the price at which the Coal Mine sells it. Some 50 self-styled miners are extracting as much 200 tons of coal a day on their land. This is not difficult for them, because the coal is just half a meter from the surface. Nevertheless, a few years ago there was a coal-dust explosion at one of these deposits, and 10 or so self-styled miners were hurt on that occasion, and four of them lost their lives.

There are also "miners" of another kind. On the road from the Borovica Mine to the coal separation plant, they throw a lasso made of reinforcing iron on the trucks and pull off the coal, which they later gather and sell. Some others in the bed of the Cehotina, where the river has been mining coal, extract the coal from the riverbed or extract it from the shore.

The other day the Pljevlja Security Center filed criminal charges with the Superior Public Prosecutor's Office in Bijelo Polje against five persons for theft, unlicensed trade, and concealment. Proceedings are being conducted against another group of persons because of warranted suspicion that they are involved in illegal operations related to coal.

### **Kosovo**

#### **Rugova Favors Deployment of U.S. Troops in Macedonia**

AU2005081393 Pristina KOSOVA DAILY REPORT  
No. 95 in English 14 May 93

[Unattributed report: "President Rugova Hails Deployment of U.S. Peacekeepers to Kosovo and Macedonia"]

[Text] Continuation of repression and violence, persecution of Albanian youngsters for drafting them to the Serb army, further deterioration of the situation, were some of the topics in the press conference held on Friday [14 May] in Prishtina by Dr. Ibrahim Rugova, president of the republic of Kosovo. In the beginning of his press conference he said that this week too firing of Albanian from work continued, as well as plundering by the Serbian police. He said that the raid on the Prishtina market on Tuesday was a grand-scale provocation, the biggest after the killings in Gjakova two weeks ago.

Dr. Rugova said the Serbian authorities aimed at entirely destroying RILINDJA by the appointment of the new manager for the so-called firm "Panorama" that is to take over former RILINDJA and the rest of press. Dr. Rugova protested again against holding in prison of Dr. Zekeria Cana, a prominent human rights activist and historian, and journalist Blerim Shala. This week, Dr. Rugova added, further pressure was exercised against the Albanian school, especially against the high schools and faculties in Mitrovica.

Further, the president of the republic of Kosovo, gave his comments on the latest moves for the deployment of the U.S. troops as peacekeepers in the former Yugoslav Republic of Macedonia and Kosovo. "We hail such a move seeing it as a sign of the growing awareness that measures must be taken in order to avert conflict in Kosovo," Dr. Rugova said adding that he urged for a UN resolution on preventive steps and demilitarization of Kosovo, as a first step for the solution of the Kosovo problem.

He said that the United States and its European allies were convinced now that tougher measures should be taken in order to stop the war in former Yugoslavia and prevent its spreading.

Commenting on a floating idea in Serbian circles for a division/partition of Kosovo, President Rugova said that "Kosovo has its own historic, territorial, and ethnic identity, and that suggestions for dividing it would be unacceptable and not serious."